

ESG REPORT 2023



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Letter to Stakeholders

Dear Stakeholders,

I am pleased to present our second ESG Report, which offers a comprehensive overview of our ESG efforts related to the industrial aggregate formed by companies invested in by MCP Alternative Investment Funds over the years. As of December 2023, this aggregate comprises 11 small to medium-sized enterprises, 10 of which are based in Italy. Collectively, these enterprises employ 2,620 people and have total sales amounting to approximately EUR 700 million.

Recognizing the growing importance of managing our companies with a clear focus on Environmental and Social characteristics, in 2023 we recalibrated our third Alternative Investment Fund, Mindful Capital Partners III, to Article 8 under the SFDR. A few months later, the MCP team began fundraising for the next Article 8 compliant AIF, Mindful Capital Partners IV, which continues to address the same Environmental and Social characteristics and sustainable development goals as the current fund¹.

In this report we have begun to measure and understand the broader impact of our operations and invested companies estimating their respective Scope 3 GHG emissions. This step is crucial for developing comprehensive strategies to reduce our carbon footprint and enhance our effectiveness in stakeholder engagement. The report is also significant for us because it is the first year we can provide

year-on-year statistics, demonstrating our progress and commitment to transparency and accountability. As in 2022, we continued monitoring several KPIs related to workplace injuries, aiming to uphold labour standards within our portfolio companies.

We have launched our first pilot project on sustainability reporting involving Ymenso, one of the portfolio companies of our third AIF. This initiative will help us refine our approach and set a benchmark for future sustainability reporting across all our portfolio companies.

Our commitment to collaboration and continuous enhancement of our sustainability practices is further evidenced by the ongoing partnerships MCP has with renowned Italian academic institutions, such as **SDA Bocconi** and **Univertis**, as well as with AIFI (Italian Association of Venture Capital & Private Equity).

Finally, we increasingly observe initiatives independently undertaken by our portfolio companies to reduce their negative impact on sustainability factors. Examples include Italcner's adoption of the UNI/PdR 125:2022 certification to more effectively highlight gender differentials, Eurmoda's investment in a less-impactful technology (i.e., Physical Vapor Deposition), Croci's expansion of its eco-friendly pet product lines, and the recent launch of Ymenso's new haircare line, Purest, which features biodegradable fragrances with no environmental impact and primary packaging made of fully recycled

¹ Specifically: SDG13 - climate action, SDG12 - responsible consumption & production, SDG3 - good health & well-being, SDG8 - decent work and economic growth, SDG5 - gender equality.

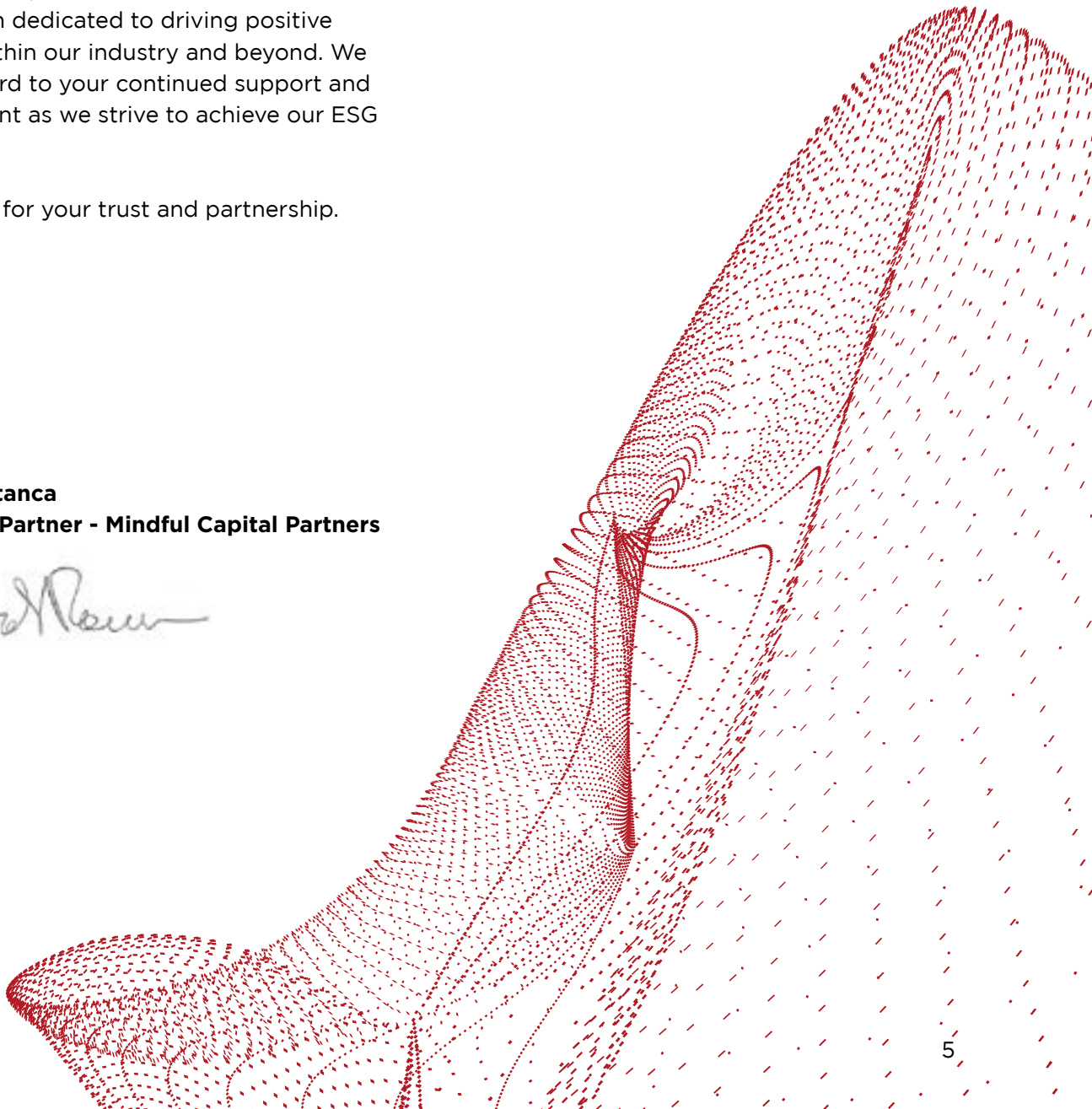
and recyclable plastic. These examples clearly reflect a widespread and growing focus on ESG variables and more sustainable practices among all stakeholders, particularly among the entrepreneurs and management teams of our invested companies.

We are proud of the progress we and our invested companies have made in 2023 and remain dedicated to driving positive change within our industry and beyond. We look forward to your continued support and engagement as we strive to achieve our ESG goals.

Thank you for your trust and partnership.

Sincerely,

Lorenzo Stanca
Managing Partner - Mindful Capital Partners





1

MINDFUL CAPITAL

1.1 Highlights

1.2 Team

**1.3 Investment
strategy**

1.1 Highlights

Mindful Capital Partners

(“MCP” or the “AIFM”)

- MCP is an Alternative Investment Fund Manager (“AIFM”) of Alternative Investment Funds (“AIFs”) with private equity and venture capital strategy.
- It is fully controlled by the MCP Team, with all investment professionals investing into the AIFs under management.
- The assets under management at the Reference Date amount to 320M€².
- The team is composed by 16 dedicated professionals, operating from two offices located in Luxembourg and Milan.
- 2 long-standing local investment advisors provide coverage for the DACH Area and China.
- ESG Policy and SFDR disclosures are regularly updated and published on MCP corporate website, on the page dedicated to [ESG](#).

For several years, MCP has adopted an increasingly structured approach to ESG.

- In 2020, it began conducting ESG due diligence on all investment opportunities.
- In 2022, it internalized the ESG function by hiring a fully dedicated ESG Officer.
- Additionally, in 2022, MCP required the active engagement of portfolio companies in its annual ESG data collection process, for which it developed proprietary ESG data collection tools.
- In the last PRI reporting campaign, MCP reported almost the maximum score in the Private Equity Module (95%), while areas for improvement are in the other two monitored areas: Policy, Governance & Strategy (74%) and Confidence Building Measures (60%).

² Calculated as the sum of the total assets of the three AIFs under management.

Mindful Capital Partners II ("MCP-II")	Mindful Capital Partners III ("MCP-III")	Mindful Capital Partners IV ("MCP-IV")
2013 - 2015 vintage year	2019-2021 vintage year	2023 vintage year
2 investments active (out of 8 investments made since inception)	9 investments active (out of 9 investments made since inception)	1 investment active
195€M total commitment	226.25€M total commitment	250€M total commitment
art. 6 SFDR classification	art. 8 SFDR classification	art. 8 SFDR classification
1,303 employees aggregated workforce (of which 41% are women)	1,317 employees aggregated workforce (of which 44% are women)	286 employees in the workforce (of which 15% are women)
ESG-responsible person appointed in each portfolio company		
Since 2022, 100% of portfolio companies have been providing data for the calculation of Scope 1 and 2 GHG emissions. In MCP-IV, this has been done since the first investment of the AIF		
Since 2023, 100% of portfolio companies have been providing data for the estimation of Scope 3 GHG emissions		

³ For details on GHG emissions classification, please refer to chapter "Definitions and Acronyms".

1.2 Team

MCP Team works together as a cohesive joint investment team. Each team member brings their specific skills and specializations to contribute to the overall investment efforts of MCP. This collaborative approach allows for a

comprehensive and well-rounded assessment of investment opportunities and a satisfactory circulation of updated information on the investment pipeline and the invested companies.

INTERNATIONAL TEAM DEDICATED TO SMALL AND MEDIUM-SIZED COMPANIES

INVESTMENT TEAM



Lorenzo Stanca
Managing Partner



Alberto Camaggi
Managing Partner



Andrea Tuccio
Managing Partner



Inna Gehrt
Managing Partner



Zhen Gao
Managing Partner



Alberto Forchielli
Non-operating Partner



Alberto Defazio
Investment Manager



Gabriele Salvemini
Investment Manager



Italo Struzziero
Associate



Laura Salvagni
Associate



Wille Wu
Associate



Johannes Hebel
Associate



Gaia Viganò
Senior Analyst

OPERATIONS AND SUPPORT TEAM



Matteo Sessi
Portfolio Manager & CFO



Umberto Rosati
Valuation Manager



Mattia Vaccargiu
Risk & Compliance Manager



Claudia Lazzari
ESG Officer



Marzia Mazzo
Office Manager



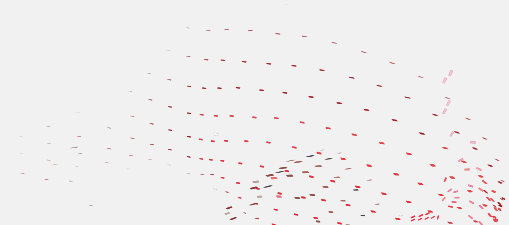
Emanuela Acampora
Executive Assistant



Crystal Liu
Executive Assistant



Veronica Bongioanni
Executive Assistant



As of the Reference Date, the team comprises 16 professionals in the head office and Italian branch, along with an additional 5 professionals covering the DACH area and China. In total, the joint MCP team consists of 12 men (57%) and 9 women (43%). Women are

well represented in the core internal bodies of MCP: one third of the members are women, both in the board of directors (3 members) and in the Advisory Committee (6 members). About one third of the team is under the age of 35.



43%

women in the Team

33%

women in the Board of Directors

33%

women in the Advisory Committee



Scope 1 (purchased goods and services):

90.5 tCO₂e

Scope 2 (purchased electricity):

6.3 tCO₂e

Scope 3 (investments):

47,632 tCO₂e

1.3 Investment strategy

MCP is an independent private equity firm, active since 2007 and investing in small and medium-sized companies that could benefit from enhanced growth strategies in the international markets.

Headquartered in Luxembourg, MCP has a branch in Milan covering the Italian market, and two local investment advisers covering the DACH Area and the Chinese market respectively.

This international network allows MCP to

provide critical support in the organic and acquisition-led growth of the invested companies, both locally and internationally.

MCP follows a risk-averse approach to investment and management decision-making and pays particular attention to the issues of business internationalization, digitalization of processes, complex industrial combinations, sustainability, good governance, and social impact of the invested companies.

MCP'S VALUE CREATION PILLARS

Internationalization



Well integrated and international team of professionals with **on-the-ground presence across three continents** and a demonstrated ability to successfully support portfolio companies in their international expansion.

Buy and build



Proven capacity to realize build-up projects by identifying targets to consolidate the market. Since 2007, 26 platform investments have been completed across the three funds, with over **€ 500m invested and 16 investments realized, all profitably.**

Deal flow



Strong ability to develop a high-quality deal flow thanks to an extensive network of contacts. This proactive strategy allows to negotiate deals on a **proprietary basis** and with **multiples below market average**, with potential multiple expansions at exit.

Sustainability



Adopting a **responsible investment approach for building a long-term sustainable business** that could create superior returns for shareholder and value for all stakeholders.

MCP boasts a diversified and balanced portfolio of leading companies in attractive market niches characterized by higher-value sectors. The focus is on risk management and capital preservation.

MCP investment strategy targets businesses that have the potential to generate long-term returns, benefit from macro-level trends in their respective industries, are in markets with strong fundamentals, and are not overly exposed to cyclical downturns or macroeconomic forces.

MCP seeks to partner with management teams

who have a proven track record of success, and who have the vision and experience to grow their businesses and generate attractive returns for investors.

Additionally, MCP monitors the invested companies on an ongoing basis to guarantee that they remain in line with MCP investment strategy.

In the third quarter of 2023, MCP launched the fundraising of the next AIF, MCP-IV, classified under Article 8 of the SFDR. The AIF has the same Environmental and Social characteristic of MCP-III.

Geographic focus

- **Italian market.**
- Investments in the DACH region (Germany, Switzerland, Austria) are also considered but on an opportunistic basis.

Market segment

- **Export-oriented businesses with revenues in between € 25m and € 100m.**

Deal types

- Primarily, **buyouts through low-leverage** and control transactions (minority deals are considered on an opportunistic basis).
- Buy & Build platform transactions.

Investment size

- 8-10 investments per fund.
 - Average **MCP initial investment** ranges between **€ 10m - € 20m**, up to € 30m including follow-ons.
-

2

APPROACH TO ESG

2.1 Governance

2.2 Roadmap

2.3 Regulatory references and sustainability frameworks

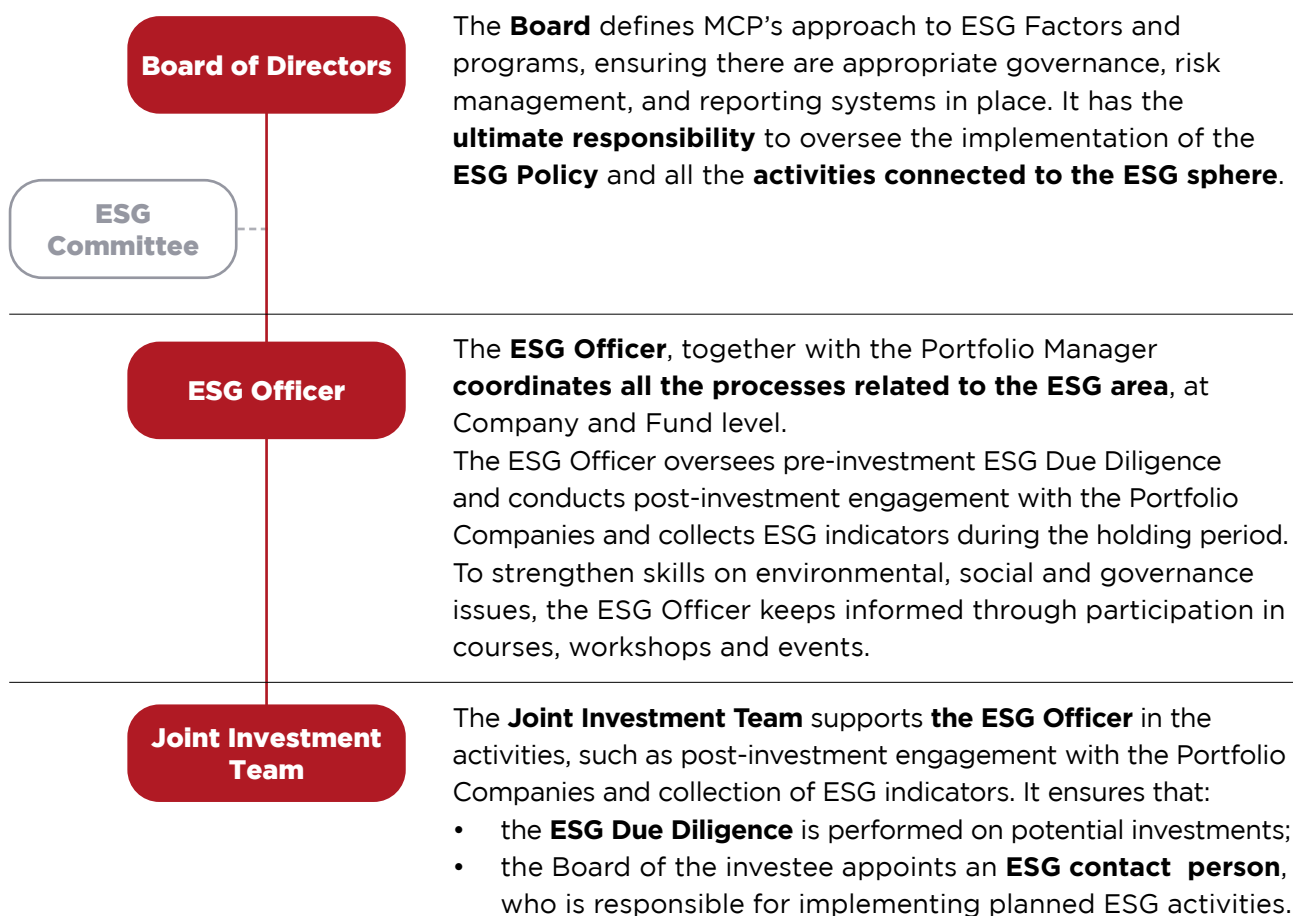
2.4 Sponsorships and contributions to research in the financial sector

2.1 Governance

In the ESG function of MCP, the pivotal role is held by the ESG Officer, who coordinates the ESG efforts for each portfolio company, within a coherent portfolio framework.

Acting as the main point of contact for the ESG referent person in each portfolio company, the ESG Officer ensures smooth communication and alignment of goals.

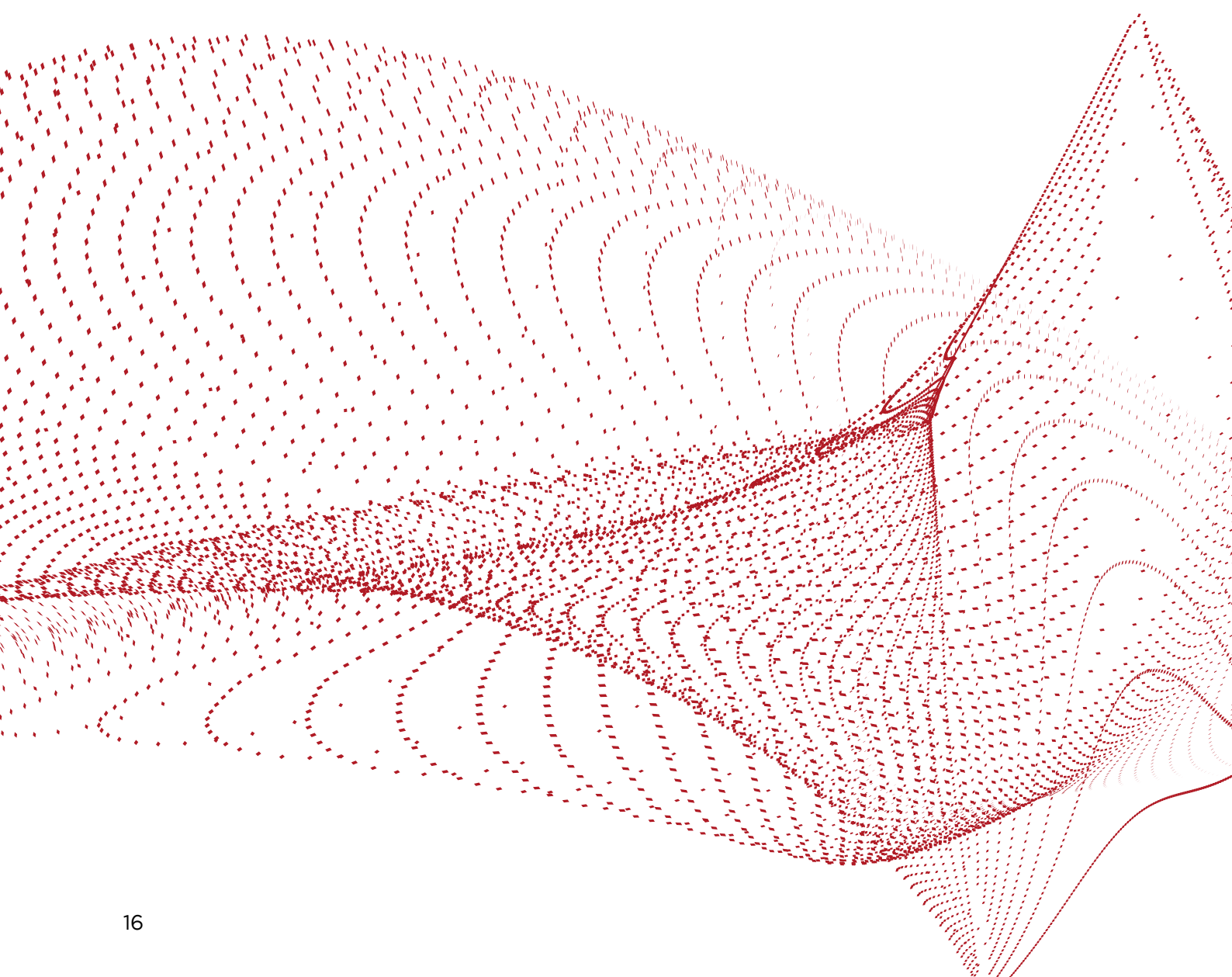
Additionally, the ESG Officer closely collaborates with the Portfolio Manager and the investment teams to establish the initial approach to ESG and address any issues identified in the initial ESG assessment. Ultimately, the ESG Officer ensures consistent coverage across the portfolio, maintaining comparable levels of ESG activity among all portfolio companies.



The Board of the Portfolio Companies (or the Top Management) **is responsible** for implementing ESG activities and ESG reporting and regularly discusses the progress achieved against ESG objectives with the ESG Officer.

The ESG Committee is an advisory body which reports directly to the Portfolio Manager. The Committee includes the ESG Officer, the Risk & Compliance Manager and three (3) investment directors appointed by the Board of Directors.

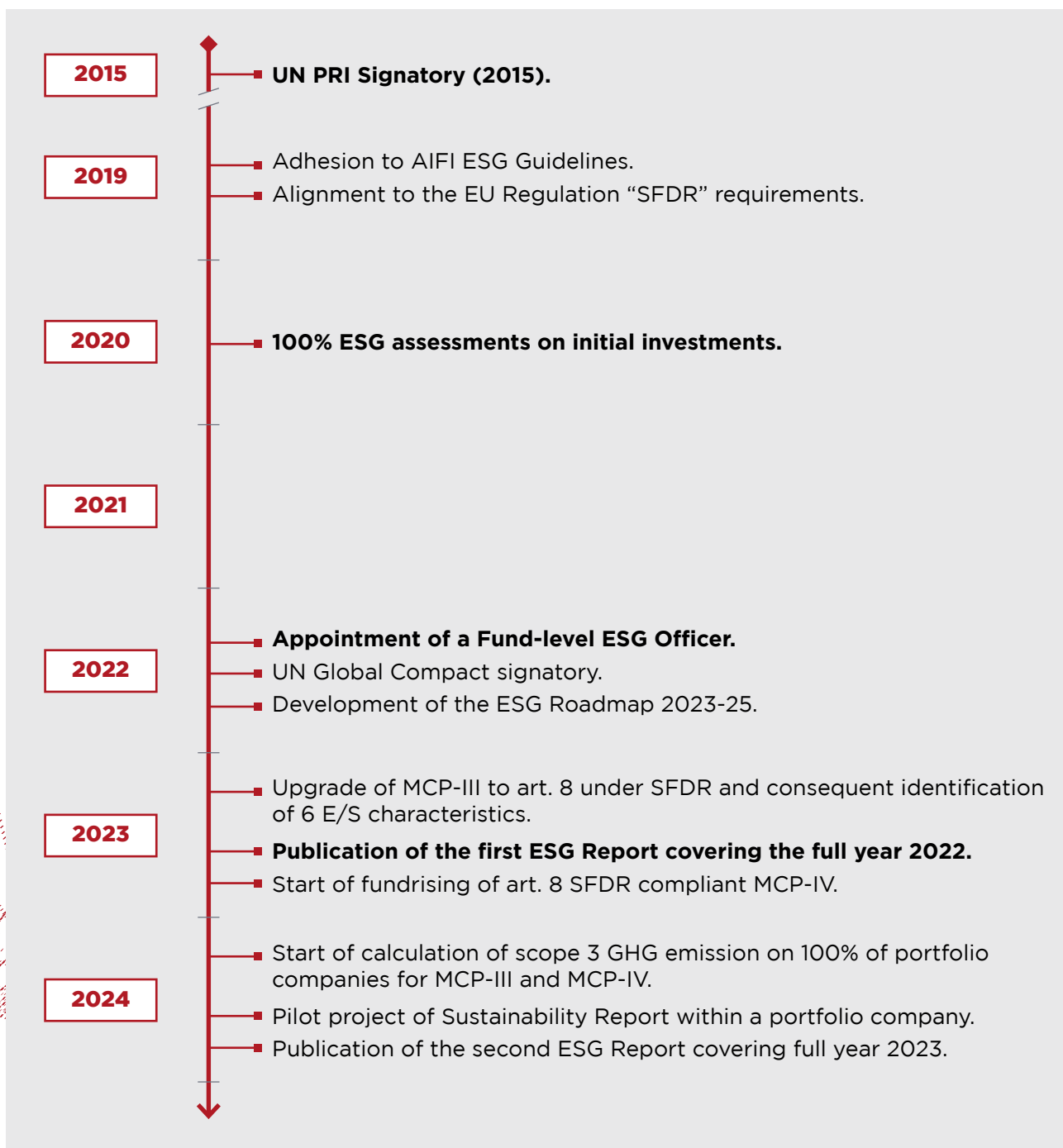
The Committee convenes on an *ad-hoc* basis to address specific ESG matters, such as evaluating the acceptability of an investment opportunity operating in a niche with both ESG opportunities and risks or considering the implementation of specific procedures at the fund level.



2.2 Roadmap

In 2023, the sustainability journey that MCP embarked on several years ago with the signing of the United Nations' Principles for

Responsible Investment has been further enriched and developed in various directions.



More specifically, MCP worked mainly in these directions:

- 1) Recalibration of Mindful Capital Partners III as Article 8 under SFDR, completed in May 2023 and start of the fundraising for the next Article 8 compliant AIF, Mindful Capital Partners IV, which addresses the same E/S characteristics of the current fund.
- 2) Preparation of the second ESG Report for the full year 2023, which is more comprehensive than the previous year, including additional KPIs and year-on-year comparisons.
- 3) Enhancement of the GHG emissions monitoring system, focusing on both the accuracy of inputs and the expansion of areas under analysis (i.e., Scope 3), with a twofold aim:
 - to highlight a clear carbon trajectory for the invested companies over the years, manage targets, and empower them to take meaningful action towards emission reduction.
 - to proactively involve supply chain actors in a general transition to less emissive

business practices.

- 4) Start of a pilot project for sustainability reporting in Ymenso, an Italian company specialized in the development and distribution of professional haircare products (invested by MCP-III in 2020), leveraging the support of an external service provider.
- 5) Training session which involved the MCP Team and the ESG referent persons within the invested companies, covering the two topics “EU Regulatory Framework and E/S Characteristics” and “Rationale of the First ESG data collection process and introductory notes to the Principal Adverse Impacts and the ESG KPIs.”.
- 6) Improvement of the usability and accessibility of the ESG page on the corporate website (www.mcpinvest.com) making it easier to access the ESG Reports, the Policy and the SFDR disclosures ex. art. 3, 4, 5 and 10.

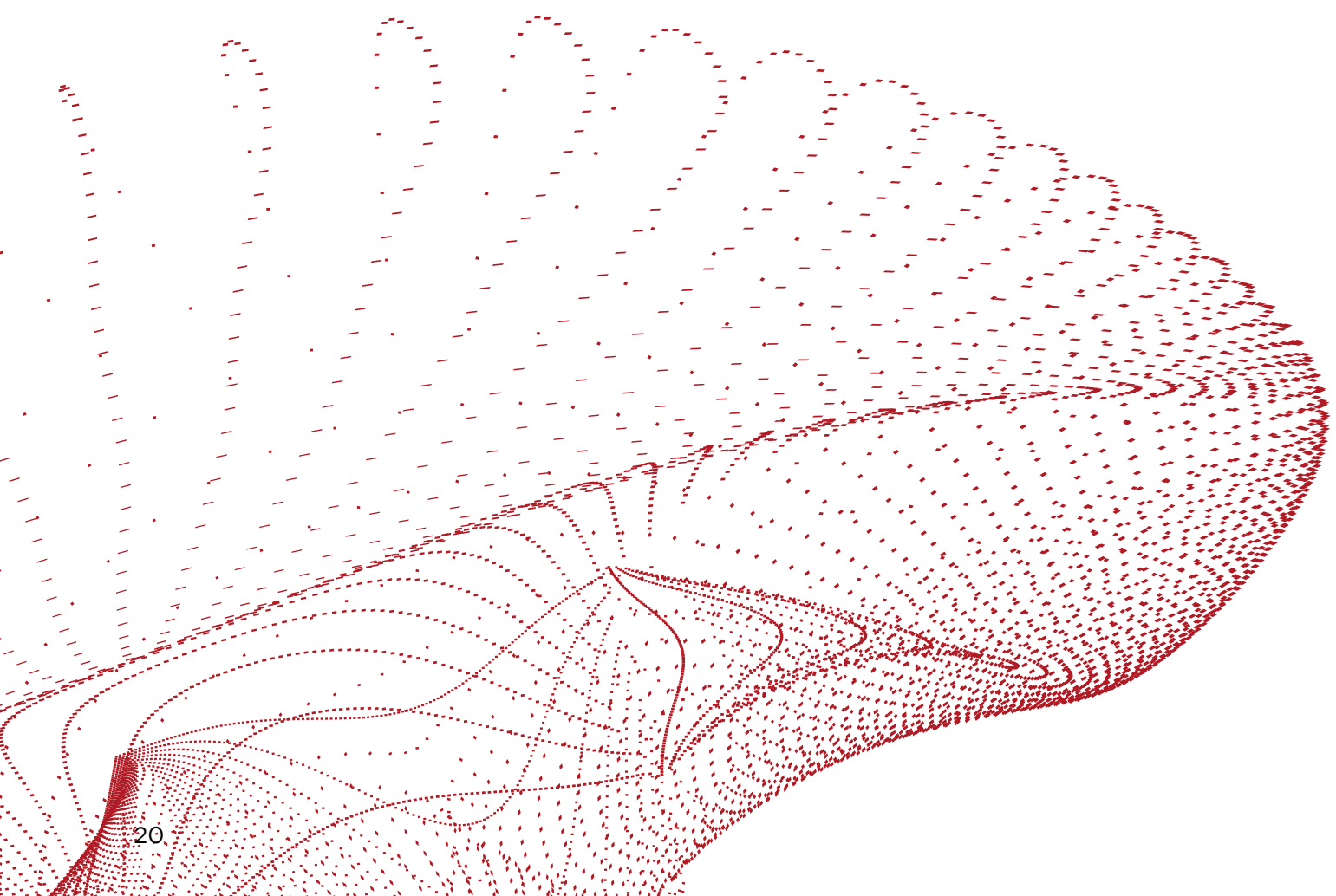
Here below is reported an extract of the ESG Action Plan included in the previous ESG Report (reference period: full year 2022), with the status of the planned activities.

Activity planned in 2023		Status	Comments
ESG management system	Disclose the ESG Policy.	Completed	Updated ESG policy on MCP corporate website .
	Conduct periodical ESG training for the MCP team.	Completed	Training provided in the 4Q23 (supported by our ESG consultant).
ESG reporting	Disclose MCP ESG Report.	Completed	ESG Reports available on MCP corporate website .
	Communicate ESG activities promoted by MCP during the year 2023 on the website.	Completed	ESG section on MCP corporate website renewed, to improve usability and accessibility to ESG-related documents.
	Publish SFDR disclosures (arts.3,4, 5,10,11).	Completed	Updated SFDR disclosures on MCP corporate website .
	Monitor MCP's carbon footprint (GHG Emissions Scope 1, 2, 3).	Completed	The data, included certain categories of Scope 3, have been collected and included in the ESG Report FY23.

MCP confirms its commitment to continuously conduct analyses aimed at identifying new interventions and/or extending initiatives observed in other invested companies to be applied across the entire investment portfolio. In the years 2024 - 2026, MCP is committed to:

- 1) Introducing an ESG reporting system in several other portfolio companies, building on the experience gained with Ymenso, with a view to their adherence, if required by the regulations, to the reporting compliant to the Corporate Sustainability Reporting Directive (CSRD).
- 2) Commencing the implementation phase of the "Project People," which aims to enhance the health coverage conditions for employees of the invested companies.
- 3) Incorporate ESG consideration in the expected risk/return profile of the investments e.g., systematically including climate risks and opportunities in the pre-screening phase of an investment.

MCP is also considering the possibility of having its ESG reports assured by an external professional in the coming years.



2.3 Regulatory references and sustainability frameworks

The main sustainable regulatory reference for MCP is the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“Sustainable Finance Disclosure Regulation” or “SFDR”).

In fact, the SFDR aims at harmonizing the sustainability-related disclosures at European level, with two main goals:

- enable clients and investors to make informed investment decisions, also from the point of view of the impact on sustainability; and
- move capital and private savings towards activities that are sustainable.

The SFDR requires financial market participants, such as MCP, to disclose specific information (both publicly and in the financial products’ pre-contractual documentation) to stakeholders and prospective investors. This information includes their approach to integrating sustainability risks into the investment process, their consideration of the Principal Adverse Impacts (PAIs) resulting from investment decisions, and the methods they intend to use to effectively promote the prioritized E/S characteristics.

MCP and the AIFs under management are subject to the following articles of the SFDR:

SFDR article	Applicability
Art. 3 - Transparency of sustainability risk policies	MCP (AIFM)
Art. 4 - Transparency of adverse sustainability impacts at entity level	MCP (AIFM)
Art. 5 - Transparency of remuneration policies in relation to the integration of sustainability risks	MCP (AIFM)
Art. 6 - Transparency of the integration of sustainability risks	MCP-II, MCP-III, MCP-IV
Art. 7 - Transparency of adverse sustainability impacts at financial product level	MCP-II, MCP-III, MCP-IV
Art. 8 - Transparency of the promotion of environmental or social characteristics in pre-contractual disclosures	MCP-III, MCP-IV
Art. 10 - Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites	MCP-III, MCP-IV
Art. 11 - Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports	MCP-III, MCP-IV

The documents for which the SFDR provides for public disclosure (art. 3, 4, 5 and 10) are always updated and available on the sustainability page of MCP [corporate website](#).

Specifically with reference to article 4 SFDR, MCP has chosen to adopt the “comply” approach, which involves implementing a due diligence policy with respect to the **PAIs** of its investment decisions on sustainability factors. Therefore, a data collection tool has been developed to calculate the PAIs at MCP level, including voluntary PAIs indicators, considering the materiality principle.

In the mid-term, another piece of regulation that will assume importance for MCP invested companies is the Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, as regards corporate sustainability reporting (“**Corporate Sustainability Reporting Directive**” or “**CSRD**”). Extending the scope of the previous EU Non-Financial Disclosure Regulation 2014/95/EU (“NFDR”), the CSRD scope includes all large European companies that meet at least two of the following criteria:

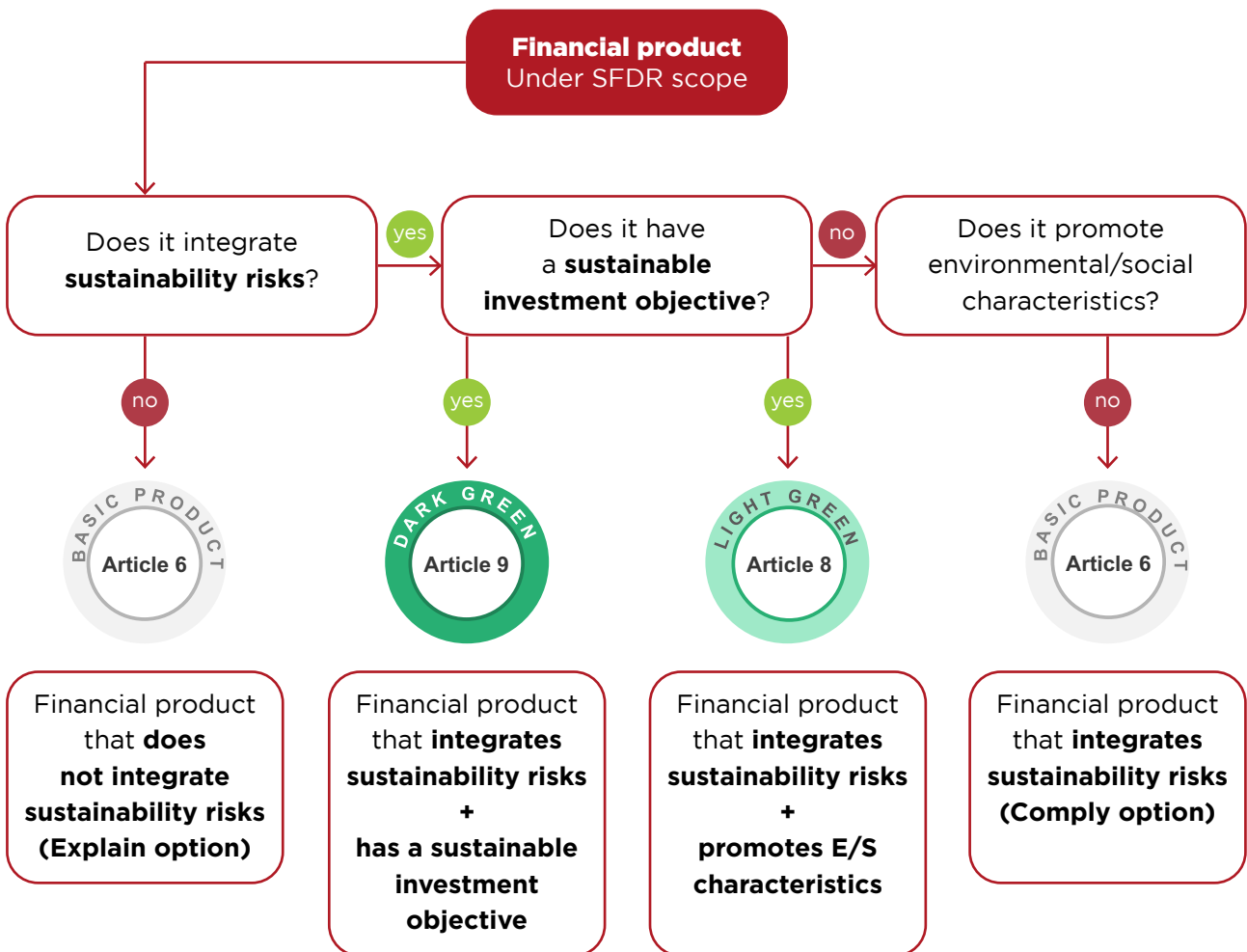
- i) Net sales greater than EUR 40 million,
- ii) Total balance sheet assets of at least EUR 20 million,
- iii) 250 employees on average during the fiscal year.

CSRD introduced the concept of double materiality considering both the financial and impact materiality perspective.

Art. 8 under SFDR and E/S characteristics

As part of MCP’s strategy to enhance portfolio companies’ engagement and performance on ESG topics, in 2023 the MCP team recalibrated MCP-III as an article 8 fund under the SFDR and launched the fundraising of its next fund, MCP-IV, also as an article 8 fund.







By being classified as Article 8, the Alternative Investment Fund is recognized as a fund that promotes environmental and social (E/S) characteristics in its investment strategy. The promotion of the selected E/S characteristics shall be demonstrated by periodic disclosure of specific KPIs identified by MCP.



The selection of the E/S characteristics was based on a detailed analysis of the sustainability priorities of various stakeholders (MCP Team, management team of the invested companies, limited partners of MCP’s alternative investment funds) with the goal of identifying the material ESG topics on which to direct MCP’s and the portfolio companies’

resources and efforts. The outcome of the analysis led to the identification of six E/S characteristics that will be promoted throughout the entire ownership period of the investments. These characteristics have been associated with their respective Sustainable Development Goals (“SDGs”)⁴.

⁴ The United Nations established, in September 2015, 17 SDGs as part of the 2030 Agenda for Sustainable Development, aimed at addressing global challenges such as poverty, inequality, climate change, environmental degradation, peace, and justice.

Pillar	E/S Characteristics
	<p>Tackling climate change (E)</p> <p>Raise awareness among the portfolio companies, supporting them in monitoring their greenhouse gas emissions and in adopting carbon reduction initiatives. Promote the use of renewable energy sources and encourage energy efficiency measures.</p>
	<p>Improving product sustainability (E)</p> <p>Encourage the incorporation of ESG considerations in products development and design (for ex.: supporting R&D investments for sustainable materials / products / services, improving the waste management measures and/or water management practices).</p>
	<p>Responsible sourcing (E/S)</p> <p>Support the inclusion, at portfolio company level, of ESG criteria in the supplier selection and monitoring.</p>
	<p>Employee safety (S)</p> <p>Ensure safe working conditions for all workers.</p>
	<p>Diversity & Inclusion (S)</p> <p>Promote voluntary training and welfare initiatives amongst the employees of the portfolio companies to enhance their personal growth, engagement and retention.</p>
	<p>Diversity & Inclusion (S)</p> <p>Promote practices based on inclusion and diversity factors and ensure equal opportunities to all employees and candidates.</p>

INTERNATIONAL SUSTAINABILITY FRAMEWORKS

In 2023 MCP confirmed the adhesion to the PRI and Global Compact international frameworks, both promoted by the United

Nations to provide principles and guidelines for responsible business practices and investment strategies.



Since 2015, MCP has been a signatory of the Principles for Responsible Investment, promoted by the United Nations, an initiative launched in partnership with the UNEP Finance Initiative and the UN Global Compact, offering a framework for investors to incorporate ESG issues into their investment decision-making and ownership practices.



As part of its commitment to the promotion of sustainable and responsible business practices, since 2022 MCP has voluntarily embedded the Ten Principles of the United Nations Global Compact into its investment strategy and operations, and committed to respect human and labour rights, safeguard the environment, and work against corruption in all its forms.

2.4 Sponsorships and contributions to research in the financial sector

In 2023, MCP sponsored and/or contributed to several initiatives in the field of financial research, collaborating with prominent Italian universities (Scuola di Direzione Aziendale Bocconi, Univertis) and the Italian Association of Private Equity & Venture Capital (AIFI).

MCP has actively supported AIFI in the years, in various ESG-related endeavours. This includes contributing, *inter alia*, to the development of the ESG guidelines for the private equity industry (first edition in 2015, followed by a fully renewed edition in 2019).

More recently, MCP sponsored and contributed to research on the positive impact of private capital on the employment rate, titled *“Valuing Human Capital: The Private Capital Impact”* published in June 2023.

VALUING HUMAN CAPITAL

The private capital impact

Through a filled-in questionnaire addressed to 35 private equity players active in the Italian market, the research analysed 170 companies that opened their capital to PE investors between 2015 and 2022 and are in their portfolio at the reference date of the research (December 2022).

The conclusions of the research are crucial from an ESG perspective, showing how private capital promotes employment growth, provides training, and offers incentives that improve productivity and work-life balance. These findings highlight the pivotal role of the asset managers and their ESG functions in complex corporate strengthening processes. Furthermore, this research is instrumental in enhancing our understanding of the social impact of private equity, contributing to the broader knowledge base on this topic. The focus on the human factor and the valorisation of gender diversity are strategic elements for corporate success, confirming that investment in human capital is essential to stimulate innovation and economic development in the country.

Below are some of the most interesting conclusions achieved, comparing the situation at the entry of the PE player and the one at the reference date of the research:

1. 34% growth rate of the workforce has been observed, with women growing faster than men (39% compared to 31%).
2. Assuming an average holding period in the portfolio observed of 3 years, this equates to an annual average workforce growth rate of 11%.
3. The number of women in executive positions almost doubled.
4. Nearly 25% of the invested companies confirmed that they introduced various forms of additional welfare, with the main interventions being fringe benefits, healthcare assistance to employees, and family support measures.

5. Between 20% and 40% of the invested companies initiated smart working, obtained safety certifications, implemented employee incentive plans, and launched initiatives in favour of diversity.

6. In 72% of the cases analysed, new managers were hired, primarily in top management, finance, sales & marketing, product development, and operations giving a material

contribution to the managerial evolution of the companies.

7. In 84% of the companies, a formalization of the remuneration/talent management policy occurred, with the introduction of management by objectives schemes, stock options, incentive plans, and discretionary bonuses.

“The harmony of diversity is the real value to be cultivated in the company because only in a context where one’s talents are fully recognized, and different skills are valued can companies grow.”

Lorenzo Stanca, Managing Partner

For the second year, MCP funded the research activities of the Scuola di Direzione Aziendale at Bocconi University. Specifically, in 2023, the research focused on the club deal model (governance, structuring of transactions, and fees to the promoter), comparing it with

the private equity approach. This research bridges academic knowledge with real-world economic issues and fosters a culture of transparency and openness to risk capital.



In collaboration with UNIVERTIS, MCP offers remunerated internships to master students who have completed their courses, providing them with valuable real-world experience in the private equity industry. Additionally, MCP hosts on-site masterclasses in financial subjects, making MCP expertise accessible to

the next generation of finance professionals. This initiative enhances the educational and professional development of students and aligns with MCP commitment to social responsibility by fostering talent, promoting financial literacy, and creating pathways for future employment in the finance sector.



In 2023 MCP supported Level 20 (www.level20.org), a pan-European not-for-profit organization launched in 2015, with 13 chapters and over 5,700 members,

founded with the goal of improving gender diversity in the private equity industry. Its mission is to empower those working within the industry, encourage new female talent to join, and support firms in taking practical steps towards effecting change with the ultimate objective is for women to hold at least 20% of senior positions in private equity.

Set up in 2018, the Level 20 DACH chapter runs an established programme of activity including outreach, mentoring, advocacy and networking initiatives to support members across Germany, Austria and Switzerland. The DACH Committee utilise online platforms to host some events digitally including inspiring discussions with speakers on sustainability, female investing and deal making. The Committee also hosts networking live sessions in Frankfurt, Munich and Zürich, to support members in staying connected and sharing experiences. MCP managing partner Inna Gehrt is committee member and chairperson of the Level 20 DAC chapter.

Level 20 won financial support from over 120 private equity firms, who are all making efforts to improve the diversity in their organisations.

“Starting with a small group of women only six years ago and seeing that we have grown to a recognised organisation with over 350 members in the DACH region alone, perfectly demonstrates the importance and success of our work, and we can already be proud of our achievements so far.”

Inna Gehrt, Managing Partner



Even in 2023, MCP funded the Cultural Association “Wondy Sono Io”, for the organization of the 6th edition of the Literary Prize “Premio Wondy di letteratura resiliente”, in memory of the Italian journalist, blogger and writer Francesca Del Rosso, also known as Wondy (Milan, June 1, 1974 – Milan, December 11, 2016). She fought breast cancer for six years, facing it with humor: using the pseudonym Wondy, meaning Wonder Woman, she talked about her “chemo adventures” both on the blog “*Le chemio avventure di Wondy*” (hosted by Vanity Fair) and in her book “*Wondy: ovvero, come si diventa supereroi per guarire dal cancro*”. She passed away on December 11, 2016. In her memory, the “Wondy Award for Resilient Literature” was established in 2018.

3

ESG PERFORMANCE

3.1 MCP's GHG emissions

3.2 Aggregated PAIs' performance

3.3 E/S characteristics monitoring

3.4 PRI rating

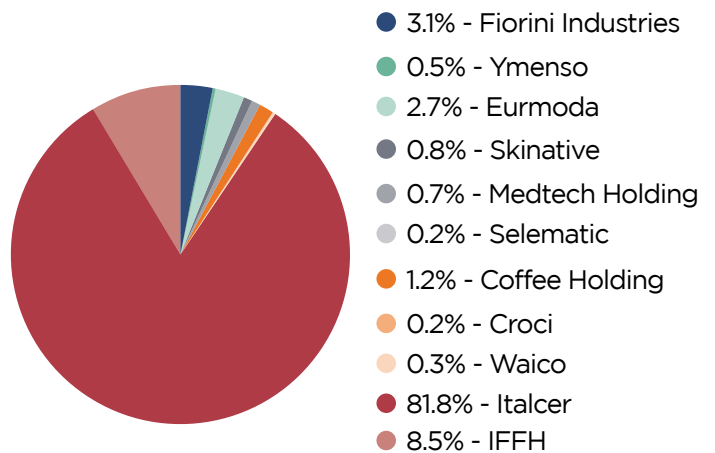
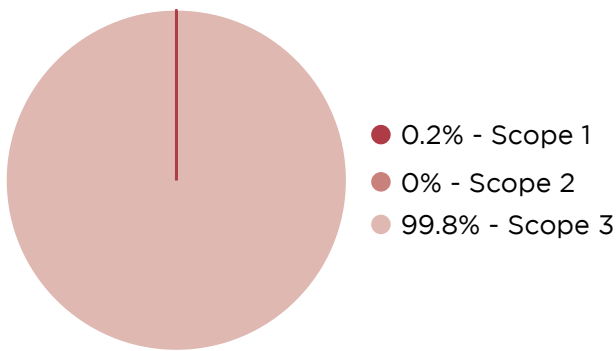
3.5 Portfolio Companies ESG highlights

3.1 MCP's GHG emissions

In 2023 MCP generated GHG emissions of 47.7k tCO₂eq. As expected, almost the entire emissions were generated by the portfolio companies. Their

contribution is calculated, in this case, as the sum of their scope 1 and 2 emissions multiplied by the percentage of ownership.

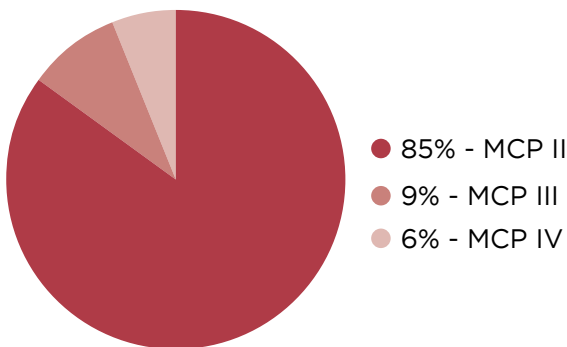
GHG EMISSIONS (tCO₂eq)



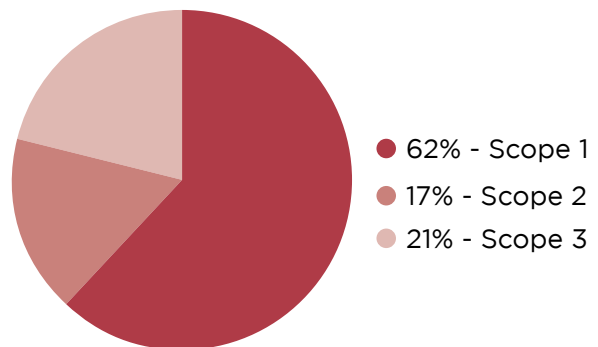
If we examine the aggregated portfolio managed by MCP (generating in 2023 emissions of 224.3k tCO₂eq) it is evident that MCP-II is the main contributor, accounting for 85% of total emissions. When classifying the total emissions by scope, Scope 1 is the primary source of emissions. This outcome

is somewhat surprising and may result from the fact that, in this first year of estimation, we considered only a few categories of costs and activities for the calculation of Scope 3 emissions, leading to a significant underestimation of this type of emissions.

GHG EMISSIONS PER AIF UNDER MANAGEMENT



GHG EMISSIONS SCOPE 1, 2, 3



In the following pages, we will analyse the ESG performance of the aggregated portfolio and each AIF Article 8 (under SFDR), expanding our analysis to include other environmental and social characteristics. This analysis

will utilize both the indicators required by the European regulator (the permanent adverse impact indicators) and the ESG KPIs suggested by the most common reporting frameworks.

3.2 Aggregated PAIs' performance

The Principal Adverse Impact indicators (“PAIs”) have been calculated for all the AIFs under management, independently from their SFDR classification (MCP-II, MCP-III, MCP-IV). The aggregated portfolio managed by MCP includes, as of the reference date, 11 small to medium enterprises, 10 of which are based in Italy. These companies collectively employ a workforce of 2,620 people and have total sales amounting to EUR 702 million. Overall, the developments in the PAIs in 2023 demonstrate

a commitment to environmental and social sustainability at both the MCP level and within the invested companies, with notable improvements in GHG emissions. However, challenges persist in areas such as gender equality, the frequency of workplace incidents, and the continued excessive reliance on non-renewable energy sources.

The following two tables provide the list of the 14 mandatory PAIs and of the selected 2 voluntary PAIs⁵.

MANDATORY PAIs

Adverse sustainability indicator	metric	impact 2022	impact 2023	change 23/22%
GHG emissions				
scope 1	tCO ₂ e	22,689	17,416	-23%
scope 2	tCO ₂ e	5,213	4,484	-14%
1. GHG emissions	tCO ₂ e	27,901	21,900	-22%
2. Carbon footprint	tCO ₂ e/M€	90	70	-22%
3. GHG intensity of investee companies	tCO ₂ e/M€	161	113	-30%
4. Exposure to companies active in the fossil fuel sector	%	0.0%	0.0%	-
5. Share of non-renewable energy consumption and production	%	98.6%	94.7%	-4%
6. Energy consumption intensity per high impact climate sector	GWh/M€	2.9	2.9	0%
Biodiversity				
7. Activities negatively affecting biodiversity-sensitive areas	%	0.0%	0.0%	-
Water				
8. Emissions to water	t/M€	0.0	0.0	0%

⁵ These indicators have been calculated according to the instructions contained in the Regulatory Technical Standards (RTS) supplementing the SFDR: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022R1288&qid=1685089903745>

MANDATORY PAIs				
Adverse sustainability indicator	metric	impact 2022	impact 2023	change 23/22%
Waste				
9. Hazardous waste and radioactive waste ratio	t/M€	1.2	1.2	0%
Social and employee matters				
10. Violations of UN Global Compact principles and Organisations or Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	%	0.0%	0.0%	-
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	%	50.0%	53.7%	7%
12. Unadjusted gender pay gap	%	17.8%	14.7%	-17%
13. Board gender diversity	%	9.9%	10.2%	3%
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions; chemical weapons and biological weapons)	%	0.0%	0.0%	-
ADDITIONAL PAIs				
Adverse sustainability indicator	metric	impact 2022	impact 2023	change 23/22%
Climate & environment				
5. Breakdown of energy consumption by type of non-renewable sources of energy: Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source				
natural gas	%	90.3%	84.0%	-7%
liquified natural gas (LNG)	%	0.0%	0.0%	0%
liquified Petroleum Gas	%	0.0%	0.0%	0%
fuel oil, excl. fuel for transport	%	0.0%	0.0%	0%
fuel oil, for transports	%	1.8%	2.3%	26%
electricity consumption from non-renewable sources	%	7.9%	13.7%	73%
Social, human rights, anti-corruption & anti-bribery				
3. Number of days lost to injuries, accidents, fatalities or illness	days	184	252	37%

THE PERFORMANCE OF THE PAIs IN THE ENVIRONMENTAL AREA HIGHLIGHTS THE FOLLOWING TRENDS⁶:

PAI n. 1 (GHG Emissions Indicator) measures the GHG emissions of all the invested

companies, quantified in tons of carbon dioxide equivalent (tCO₂e)⁷.

$$\sum_i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

In the three-year period from 2021 to 2023, the invested companies of MCP-II (i.e., Italcera and Italian Frozen Food) were the main contributors to PAI n. 1. For example, in 2023, they collectively accounted for 90% of total Scope 1 and 2 emissions. Within the MCP-III portfolio, which is less emissive, the company that contributed the most to the PAI was Eurmoda (4%). The remaining 8 companies

accounted for 6% of the indicator, with Coffee Holding, Skinative, Medtech, Fiorini, and Ymenso each contributing just over 1%. The trend of the indicator over the same three-year period shows a peak in emissions in 2022, followed by a return in 2023 to the 2021 emission levels, despite a 12% increase in the aggregated revenues of the invested companies of MCP-II and MCP-III.

PAI n. 2 (Carbon Footprint) measures the GHG emissions per EUR million invested. It is

calculated as the ratio between PAI n. 1 and the current value of all investments.

$$\frac{\sum_i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

As already highlighted in the commentary on PAI n. 1, MCP-II, being a more emissive portfolio, shows a carbon footprint of 174.5 tCO₂e per EUR million invested as of the Reference Date, which is much higher than that of MCP-III (10.7 tCO₂e/M€) and MCP-IV

(12 tCO₂e/M€). During the three-year period from 2021 to 2023, the carbon footprint decreased for both MCP-II and MCP-III (by 1.6% and 4.4%, respectively), as well as at the aggregated level (by 12.5%).

⁶ For comparability reasons with the previous two years, PAI n. 1, 2, and 3 have been calculated without considering Scope 3 emissions.

⁷ The GHG emissions of each invested company are not taken as they are, but adjusted by a ratio calculated, per each Invested Company, as the Current Value divided by the Enterprise Value, both referring to the end of the reference year. This ratio ranges between 0 and 1, where 1 is the case of: i) an unlevered portfolio company, ii) fully owned by the AIF managed by MCP, iii) for the entire reference year.

PAI n. 3 (GHG Intensity) measures the average GHG emissions per EUR million of revenues of the aggregated portfolio (i.e., MCP-II, MCP-III, MCP-IV). Each invested company contributes

to the total GHG Intensity on the basis of a ratio calculated as the current value of the investment divided by the current value of all investments, at the Reference Date.

$$\sum_i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

Even for this indicator, MCP-II is largely the main contributor, with Italcir and IFFH together accounting for 87% of the aggregated GHG intensity at the Reference

Date. During the three-year period from 2021 to 2023, the indicator decreased year over year by 17%, dropping from 164 tCO₂e/M€ to 113 tCO₂e/M€.

PAI n. 4 (Exposure to companies active in the fossil fuel sector) measures the share of investments in companies active in the fossil

fuel sector⁸. The indicator has been stable in the reference years and equal to 0.

PAI n. 5 (Share of non-renewable energy consumption and production) measures the share of non-renewable energy consumption (and energy production of investee companies from non-renewable energy sources) compared to renewable energy sources, expressed as a percentage of total energy sources⁹.

The impact indicator remains high and stable in the three-year period 2021-23, ranging

from 92% to 95%. The highest energy consumer remains Italcir, which accounts for approximately 94% of the total aggregated energy consumption of MCP-II, MCP-III, and MCP-IV in the Reference Period. Within the aggregated portfolio, there are portfolio companies, with lower energy consumption, that already have a strong supply of energy from renewable sources, such as Coffee Holding (87%), Croci (68%) and Medtech (15%).

⁸ According to the RTS, the term 'companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council.

⁹ Non-renewable energy sources are those not listed among the following, which are considered 'renewable': wind, solar (solar thermal and solar photovoltaic), geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas.

For comparability reason with previous year, regarding PAI n. 5 and n. 6, the data of each invested company have not been weighted according to the ratio 'current value of the investment / current value of all the investments' (in 2022, the amendments proposed by ESMA regarding the RTS and the PAI calculation formulas were still pending, and therefore the data were not weighted).

Portfolio Companies	2021	2022	2023
MCP II	92%	100%	95%
MCP III	84%	59%	73%
MCP IV	-	-	100%
Share of non-renewable energy consumption and production - AIM level	92%	99%	95%

PAI n. 6 (Energy consumption intensity) measures the GWh per million EUR of revenue of investee companies operating in high impact climate sectors¹⁰. The impact indicator is calculated as the sum of the energy consumption intensity of all the portfolio companies, where the energy consumption intensity of each company is determined as

the ratio between its energy consumption and its total revenues. The PAI is significantly higher in MCP-II (2.2 GWh/€), which includes more energy-intensive companies such as Italcera Group and Italian Frozen Food compared to MCP-III (0.6 GWh/€) and MCP-IV (0.1 GWh/€). The highest contributors to this PAI are Italcera, IFFH, and Fiorini Industries.

Portfolio Companies (data in GWh/€M)	2021	2022	2023
MCP II	2.9	2.3	2.2
MCP III	0.5	0.6	0.6
MCP IV	0.0	0.0	0.1
Energy consumption intensity - AIM level	3.4	2.9	2.9

¹⁰ The term “high impact climate sector” is taken from the regulation (EC) No 1893/2006 of the European Parliament and of the Council, high impact climate sectors are those listed in Section A to H and L of Annex 1 of said regulation. Sections I, J, K and M-Z are not considered high impact climate sectors.

PAI n. 7 (Activities negatively affecting biodiversity-sensitive areas)¹¹ shows the share of investments in investee companies with sites/operations located in or near to

biodiversity-sensitive areas where activities of those investee companies negatively affect those areas. The indicator has been stable in the reference years and equal to 0.

PAI n. 8 (Emissions to water)¹² measures the tons of emissions to water generated by investee companies per million EUR

invested, expressed as a weighted average. The indicator has been stable in the reference years and equal to 0.

PAI n. 9 (Hazardous and radioactive waste ratio)¹³ measures the tons of hazardous and radioactive waste generated by investee companies per million EUR invested. The trend of PAI n. 9 over the three-year period from 2021 to 2023 shows a positive shift, with an average annual decrease of -12%, from 1.6 tons/€M in 2021 to 1.2 tons/€M in 2023. This is due to stable hazardous waste production (measured in tons), vis-à-vis an increase in the current value of all invested companies which results from the combined

effect of new investments (primary and add-ons) and net valuation uplifts. In 2023, the main contributors to this impact indicator, in descending order, are Eurmoda (60%), Coffee Holding (26%), and Italcer (10%). The adoption in 2023 of a new finishing technology in Eurmoda (i.e., Physical Vapor Deposition or PVD), is expected to positively impact, in the coming years, the amount of toxic chemicals and heavy metals required by traditional electroplating processes and ultimately this impact indicator.

¹¹ 'Biodiversity-sensitive areas' means Natura 2000 network of protected areas, Unesco World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139.

¹² 'Emissions to water' means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council and direct emissions of nitrates, phosphates and pesticides.

¹³ 'Hazardous waste' means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council. Similarly to PAI n. 1, hazardous and radioactive waste of each invested company is not taken as it is, but adjusted by a ratio calculated, per each Invested Company, as the Current Value divided by the Enterprise Value, both referring to the end of the reference year. This ratio ranges between 0 and 1, where 1 is the case of: i) an unlevered portfolio company, ii) fully owned by the AIF managed by MCP, iii) for the entire reference year.

Facultative PAI n. 5 (Breakdown of energy consumption by type of non-renewable sources of energy) shows the share of energy from non-renewable sources used by investee companies, broken down by each non-renewable energy source. The main energy source is still natural gas, which accounts for about 84% to 90% and has shown a flat trend in the reference period with 0% growth. In contrast, the use of electricity (from non-renewable sources) as a source of energy has increased significantly, at a rate of 8% per annum during the Reference Period. It is also notable that the portfolio of MCP-III, which is

significantly less energy-intensive than MCP-II, is far more advanced in the electrification of its systems (plants and offices), with a share of energy coming from electricity already at 45% to 50%. It is early to assume a positive stable trend in the electrification process of the industrial systems invested in (i.e., the process of replacing fossil fuel-based energy sources with electricity to power various industrial operations); however, this appears to be a first positive signal in this direction. MCP will continue monitoring this new facultative PAI in the coming exercises.

THE PERFORMANCE OF THE PAIS IN THE GOVERNANCE AND SOCIAL AREAS HIGHLIGHTS THE FOLLOWING TRENDS:

PAI n. 10 (Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises) shows the share of investments in investee companies that

have been involved in violations of the above-mentioned frameworks. It has been stable in the reference years and equal to 0.

PAI n. 11 (Lack of processes and compliance mechanisms to monitor compliance with UN GC principles and OECD Guidelines for multinational enterprises) shows the share of investments without policies to monitor compliance with the aforementioned international frameworks. The PAI has remained stable over the reference years (2021 - 2023); however, an increase was

recorded in 2023 due to the investment in Fiorini Industries (in the fourth quarter of 2023), which does not have any policy in this field. In the existing portfolio, Margot, Croci, and Itarcer are champions in this area, while the other portfolio companies still do not have proper processes and compliance mechanisms in place on these topics.

PAI n. 12 (Unadjusted gender pay gap) measures the difference between the average gross hourly earnings of male and female employees, as a percentage of male earnings. The PAI is calculated as an average of the unadjusted gender pay gap recorded in each invested company. While in 2021 the PAI was still not significant due to too many missing data points, it starts becoming significant in 2022 and 2023. The gender pay gap in 2023 is almost the same in MCP-II (15%) and MCP-III (16%). Selematic, Waico, and Fiorini record

a negative gender pay gap, while the highest gender pay gaps can still be observed in Klapp, Ymenso and Italcera.

With the goal of addressing existing gender gaps, the Italian perimeter companies of Italcera embarked on a journey in 2023 to implement and certify a Gender Equality Management System, in accordance with UNI/PdR 125:2022 standards. This initiative introduced management tools aimed at better measuring, reporting, and evaluating gender-related and other diversity-related data.

PAI n. 13 (Board gender diversity) measures the average ratio of female board members in the investee companies, expressed as a percentage of all board members. It has been

stable at about 10% in the reference years, with some companies still without any women on their boards (Italcera, IFFH, Croci).

PAI n. 14 (Exposure to controversial weapons i.e., anti-personnel mines, cluster munitions, chemical weapons and biological weapons) shows the share of investments in investee

companies involved in the manufacture or selling of controversial weapons. The indicator has been stable in the reference years at 0%.

Facultative PAI n. 3 (Number of days lost to injuries, accidents, fatalities or illness) currently has poor quality in describing the phenomenon due to several missing data points (e.g., Italcera began reporting this data to MCP in 2023; therefore, it was excluded in the year-over-year comparisons). However, based on the available information, we noted an increase in the number of days lost annually from 182 to 252 during the three-year

period 2021-2023, which equates to an 18% increase per year, with a higher frequency of accidents in MCP-III. In contrast, the indicator significantly decreased in MCP-II during the same period, thanks to the improvements in work conditions achieved in IFFH¹⁴. We are working to improve the data set quality for calculating this impact indicator and further analyzing the PAI.

¹⁴ The high number of days of absence recorded in IFFH in 2022 was mainly due to two cut injuries that required long recovery periods. Following these two accidents, Personal Protective Equipment (PPE) was adopted, and a procedure was created. Thanks also to the increased care developed through staff training on safety and prevention topics, the injury data for 2023 has significantly improved.

3.3 E/S characteristics monitoring

ON MCP-III AND MCP-IV

As Article 8 classified AIFs, MCP-III and MCP-IV are committed to prioritize the promotion of some pre-identified E/S characteristics (and the related SDGs established by the United Nations). These E/S characteristics include:



- 1) climate change mitigation (SDG-13),
- 2) product sustainability and responsible sourcing (SDG-12),
- 3) employee safety, engagement and well-being (SDG-3 and SDG-8),
- 4) diversity & inclusion (SDG-5).




The 26 selected ESG KPIs complement the picture of the AIFs under management depicted by the permanent adverse impact indicators in the previous section, allowing for better monitoring of the four E/S characteristics that MCP has prioritized. As previously highlighted, the framework reveals both challenges and progress in the context of current sustainability trends, underscoring the need for continued efforts in the prioritized E/S characteristics.

One notable achievement is that, for the first time since establishing its internal ESG reporting system, MCP has collected data from the invested companies to estimate Scope 3 GHG emissions. These emissions have been estimated according to the [Greenhouse Gas \(GHG\) Protocol](#). Due to the complexity of the estimation, the analysis has been limited to the following main categories: i) Business travel, ii) Employee commuting, iii) Capital goods, iv) Downstream transportation and distribution, v) Purchased goods and services, and vi) Waste generated in operations. In several cases, only some of these categories have been properly addressed, leading to suboptimal quality output.

The following pages provide a summary table of the results achieved in 2023 (compared to the previous year) for each AIF under management classified as Article 8 under the SFDR, i.e., MCP-III and MCP-IV.

MCP-III

ESG KPIs	metric	2022	2023	YoY change %	
Tackling climate change (E)					
	1. Total Scope 1 GHG emissions	tCO ₂ eq	693	554	-20%
	2. Total Scope 2 CO ₂ emissions	tCO ₂ eq	1,328	1,502	13%
	3. Total Scope 3 CO ₂ emissions	tCO ₂ eq	na	6,768	na
	4. GHG intensity of the portfolio	tCO ₂ eq/M€	17.5	19.4	11%
	5. Energy Intensity	MhW/M€	53.8	50.1	-7%
	6. % of PC with an emission reduction plan referred to Scope 1 and 2	%	37.5%	33.3%	-11%
	7. % of PCs that use renewable energy	%	37.5%	44.4%	19%
	8. % of renewable energy over the total consumption	%	23.8%	19.1%	-20%
Improving product sustainability and responsible sourcing (E)					
	1. % of recycled materials on purchased raw materials, including packaging	%	2.3%	4.3%	88%
	2. Initiatives directed at circular economy measures (re-use, recycle, extend, sharing)	n.	5.0	8.0	60%
	3. % of hazardous waste generated by PCs	%	45.5%	74.2%	63%
	4. % of recycled/reused waste generated by PCs	%	37.2%	24.2%	-35%
	5. % of company which incorporates ESG consideration into supply chain selection and monitoring activities	%	13%	11%	-11%

ESG KPIs	metric	2022	2023	YoY change %	
Employee safety, engagement and well being (S)					
	1. Incident index (injuries / employees)	%	18.0	23.4	30%
	2. Lost work days due to injuries, accidents or professional illness	n.	39	76	93%
	3. % of PCs with welfare plans	%	37.5%	44.4%	19%
	4. % of PCs granting flexible working/smart working	%	50.0%	77.8%	56%
	5. % of employees involved in voluntary training	%	13.1%	33.0%	152%
	6. n. of claims received regarding violations of labor rights"	n.	8.0	3.0	-63%
	7. % of PCs with talent management policies/ professional development plans	%	25.0%	33.3%	33%
	8. % of PCs that conduct Employee Engagement Surveys	%	37.5%	22.2%	-41%
Improving product sustainability and responsible sourcing (E)					
	1. % of women in the workforce	%	46.1%	45.0%	-2%
	2. % of women in the BoD	%	18.2%	16.1%	-11%
	3. Average unadjusted gender pay gap	%	16.4%	15.7%	-4%
	4. % of PCs with whistleblower protection systems	%	38%	78%	107%
	5. % of PCs with inclusion, diversity and equal opportunities policies	%	25%	22%	-11%

1) Tackling climate change (E): The emissions Scope 1 and 2 and the GHG intensity have been stable in the Reference Period. A growing number of companies are using renewable energy in their industrial processes. The most active with renewable energy are Skinative and Coffee Holding, with the portion of renewable energy (over total energy consumption) at 100% and 85% respectively. A positive trend can also be observed for Croci, whose renewable energy consumption has increased significantly in the last three years and is now close to 70%. While Eurmoda started consuming renewable energy in 2023 (explaining the positive improvement in the related KPI “PCs that use renewable energy”), the other invested companies are still at 0%. The average renewable energy ratio remains around 20%.

2) Improving product sustainability and responsible sourcing (E): Specific attention has been given to the KPI “% of hazardous waste generated by PCs,” which is the most problematic among the KPIs for this characteristic: the indicator is calculated as the ratio between the tons of hazardous waste and the tons of non-hazardous waste produced during the Reference Period. This ratio is almost entirely driven by Eurmoda, which produced 872 tons of hazardous waste compared to 188 tons of non-hazardous waste. The recent adoption of a new finishing technology (Physical Vapor Deposition or PVD) is expected to positively impact, in the

coming years, the amount of toxic chemicals and heavy metals required by traditional electroplating processes. The other portfolio companies have a marginal or negligible contribution to the KPI.



3) Employee safety, engagement and well-being (S): Regarding the employees, despite the implementation of enhanced safety protocols and training programs, the incident index, which measures the occurrence of incidents per thousand employees, showed an increase in the reference period. Almost all invested companies (78%) had a teleworking policy in place at the Reference Date, compared to only 13% in 2021. Additionally, the indicator for the “% of employees involved in voluntary training” showed a positive trend over the three-year period from 2021 to 2023, increasing from 12% to 33%.




4) Diversity and inclusion (S): the characteristic seems quite stable in the reference period, with women comprising around 45% of the workforce. There is a consistent 10% presence of women on the boards of directors of the invested companies, with some exemplary companies like Skinative (50%) and Selematic (37.5%). However, in other portfolio companies, the presence of women in senior positions remains still weak. The companies are increasingly adopting a whistleblower protection system.

MCP-IV

MCP-IV completed its first investment in Fiorini Industries in the third quarter of 2023. The data reported below represent

the baseline situation for MCP-IV (i.e., Fiorini Industries), which will be used to assess improvements during the ownership phase.

ESG KPIs	metric	2023	
Tackling climate change (E)			
	1. Total Scope 1 GHG emissions	tCO ₂ eq	75.1
	2. Total Scope 2 CO ₂ emissions	tCO ₂ eq	51.7
	3. Total Scope 3 CO ₂ emissions	tCO ₂ eq	727.9
	4. GHG intensity of the portfolio	tCO ₂ eq/M€	67.8
	5. Energy Intensity of the portfolio	MWh/M€	140.9
	6. % of PC with an emission reduction plan referred to Scope 1 and 2	%	0.0%
	7. % of PCs that use renewable energy	%	0.0%
	8. % of renewable energy over the total consumption	%	0.0%
Improving product sustainability and responsible sourcing (E)			
	1. % of recycled materials on purchased raw materials, including packaging	%	0.0%
	2. Initiatives directed at circular economy measures (re-use, recycle, extend, sharing)	n.	0.0
	3. % of hazardous waste generated by PCs	%	12.6%
	4. % of recycled/reused waste generated by PCs	%	87.6%
	5. % of company which incorporates ESG consideration into supply chain selection and monitoring activities	%	0%

ESG KPIs	metric	2023	
Employee safety, engagement and well being (S)			
	1. Incident index (injuries / employees)	%	45.5
	2. Lost work days due to injuries, accidents or professional illness	n.	464.4
	3. % of PCs with welfare plans	%	0.0%
	4. % of PCs granting flexible working/smart working	%	100%
	5. % of employees involved in voluntary training	%	27.3%
	6. n. of claims received regarding violations of labor rights"	n.	0.0
	7. % of PCs with talent management policies/ professional development plans	%	100%
	8. % of PCs that conduct Employee Engagement Surveys	%	0.0%
Improving product sustainability and responsible sourcing (E)			
	1. % of women in the workforce	%	15.4%
	2. % of women in the BoD	%	12.5%
	3. Average unadjusted gender pay gap	%	-11.1%
	4. % of PCs with whistleblower protection systems	%	0.0%
	5. % of PCs with inclusion, diversity and equal opportunities policies	%	0.0%

3.4 PRI rating

MCP achieved a rating of three to five stars (out of five stars) in the 2023 reporting cycle from the UN Principles for Responsible Investment (PRI)¹⁵. This rating reflects the company’s strong performance in the Policy

Governance & Strategy module (PGS) and in the Private Equity module, and potential areas of improvements in the Confidence Building Measures module (CBM).

SUMMARY SCORECARD

PRI Median
 Module Score

Module score	AUM coverage	☆☆☆☆ (0<=25%)	☆☆☆☆ (>25<=40%)	☆☆☆☆ (>40<=65%)	☆☆☆☆ (>65<=90%)	☆☆☆☆ (>90%)	
Policy Governance and Strategy ☆☆☆☆						74	
Direct - Private equity ☆☆☆☆	>50%					95	
Confidence building measures						60	

The areas of improvement suggested by the PRI framework include, in the PGS section, the identification of climate-related risks and opportunities affecting MCP investments (PGS-41). While in the CBM section, the recommendation of the framework is for an independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in the PRI report, which resulted in a formal assurance conclusion (indicator CBM-1).

There are also some suggestions from the PRI framework that, at least for the moment, have not been adopted by MCP or the investment managers in the sample. In the PGS module, for instance, the PRI framework recommends:

- i) PGS-13: Use of responsible investment KPIs to evaluate the performance of board members.
- ii) PGS-17: Public disclosure of climate-related information in line with the Task Force on Climate-Related Financial Disclosures’ (TCFD) recommendations.
- iii) PGS-21: Inclusion of climate change-related risks and opportunities into the assessment of expected asset class risks and returns.
- iv) PGS-43: Assessment of the resilience of the portfolio investments strategy in different climate scenarios, using framework and models such as the Inevitable Policy Response Forecast Policy Scenario (FPS), the Required Policy Scenario (RPS), the One Earth Climate Model scenario or the International Energy Agency (IEA) Net Zero scenario.

¹⁵ Source: Transparency Report UN PRI 2023.

3.5 Portfolio Companies ESG highlights

MCP.II



MCP.III



MCP.IV



LEGEND



RESEARCH &
DEVELOPMENT AND
INVESTMENTS



GOVERNANCE



ENVIRONMENTAL



SOCIAL

3.5.1 ITALCER



Sector:
Ceramic tiles

Initial investment date:
5/2017

Type of investment:
Management buy-in (24%)

Italcer Group, founded in spring 2017, operates in the ceramic sector by developing high quality products for interiors and exteriors and luxury bathroom furnishings, with particular attention to innovation, design and respect for the environment. The Group's product range covers a wide variety of high-end ceramic floor and wall tiles, offering specific solutions for any kind of application, from large commercial surfaces to residential use.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Launched the feasibility analysis to implement self-produced hydrogen within the thermal processes of its production cycle, in the next two years (2024-25). In 2024, a pilot hydrogen production plant is planned for installation at the Sassuolo site, with the aim of mixing hydrogen with methane for the atomisation process.
- In 2023, a feasibility study has been launched at the Spanish site of Figueroles for a pilot project aimed at significantly reducing direct CO₂ emissions. This project focuses on two key areas:
 - electrifying the firing phase, to reduce the emissions deriving from the combustion of natural gas used in firing kilns, which currently accounts for between 70% and 95% of CO₂ emissions. This could lead to a reduction of over 1.000 tCO₂eq per year.
 - Reformulating the compositions of the ceramic bodies to reduce CO₂ emissions coming from the decomposition of carbonates present in the raw materials of ceramic bodies (representing between 5% and 30% of total CO₂ emissions).
- Analysis of a project to capture carbon dioxide from fumes in the atomization process, aiming to reduce over 30,000 tCO₂eq emitted into the atmosphere.



- Obtained Benefit Corporation status in the fourth quarter of 2023.
- Achieved RepRisk rating A, indicating low ESG risk exposure (www.reprisk.com).



- Over €11.8 million invested at Group level in 2022-2023 to build cogeneration and photovoltaic plants, for a total of more than 9 MW total installed power. As a result, the share of electricity taken from the national grid has decreased. The group has started injecting self-generated electricity into the network and recovering the heat generated within the thermal processes (drying and atomization) through high-efficiency cogeneration plants, leading to significant savings in natural gas that would have otherwise been used for these processes.

- Installation of a patented system to reduce input surges from the grid, reducing electricity consumption by more than 5%. If installed at all sites, it would reduce energy drawn from the grid by more than 1.5 million kWh, corresponding to about 400 tCO₂eq avoided per year.
- Installation of a new firing kiln at the Fiorano factory, capable of working with a fuel mixture containing up to 50% hydrogen. Once it will be available, the use of hydrogen would allow for annual savings of about 1.5 million cubic metres of gas consumed, corresponding to about 3,000 tonnes of CO₂ avoided.

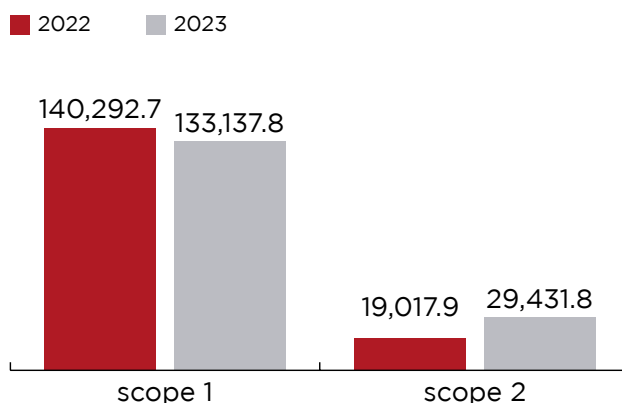


- Initiating the process to achieve the UNI/PdR 125:2022 certification for the implementation of management tools within the Italcir Group in Italy, aimed at better measuring and managing diversity-related situations. The certification has been issued by Bureau Veritas in March 2024.
- EcoVadis silver medal achieved by Equipe in 2023.
- In 2023, training hours increased by 312% compared to 2022.
- “Company Welfare Project” inaugurated in Italy in 2023. Details in the Sustainability Report FY23 of Italcir Group available at <https://www.gruppoitalcir.it/>

	2022	2023
Total energy consumption (MWh)	623,229.9	616,193.2
of which: electricity consumption	46,833.9	69,135.9
of which: natural gas consumption	573,036	544,073.6
of which: fuel consumption	3,360	2,983.7
Energy consumption from renewable sources (MWh)	8.26	3,356.2



GHG EMISSIONS (ton CO₂e)



	2022	2023
% of women in the workforce	37%	35%
Number of injuries occurred	n.a.	58
Lost workdays due to injuries, accidents or professional illness	n.a.	1,309
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

3.5.2 ITALIAN FROZEN FOOD HOLDING



Sector: Frozen food	Initial investment date: 10/2018	Type of investment: Leveraged Buyout (58%)
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Italian Frozen Food Holding (IFFH) was founded in 2018, with support of MCP, who believed in a project in which several Italian frozen food companies of medium size could aggregate and bring the excellence of Made in Italy to the tables of the world.

IFFH has five production sites, four of which are in Italy and one in Chicago¹⁶. The specialty areas are in the retail and HORECA channels, offering gluten-free pizzas and bread, ready meals, meat products, meat substitutes, innovative plant-based products, and fish dishes.

Appetais specializes in frozen ready meals and baked goods such as gluten-free and allergen-free pizzas and farinates.

Alcass focuses on producing meat, vegetarian, vegan, and meat-like ready meals.

Farma&Co. specializes in bakery products, such as bread, pizzas, focaccia, flours, and cakes, which are gluten-free and allergen-free.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Ongoing research of new plant-based food recipes.
- Redesign of most packaging to reduce dimension and weight and testing of new flow-pack packaging systems using recycled paper film instead of plastic.



- Ongoing implementation of the Organisational and Governance Model 231 and adoption of a Code of Ethics.
- Evaluation in progress for obtaining ISO 45001 certification (occupational health and safety management system) within 2025.



- Installation of a water treatment plant to improve the quality of industrial wastewater discharged into the sewer system, and potentially sale part of the organic waste generated from the purification process for biogas production.
- Replacement of traditional with LED lamps to reduce energy consumption.
- Replacement of the refrigerant gas R507A with R449A in one of the two low-temperature refrigeration systems, reducing environmental impact and electricity consumption (in 2024, the process will be completed for the second system as well).
- Replacement of nitrogen blast chiller with an electric mechanical one implying cost savings and the reduction of the accident rate by decreasing the need for staff to handle trolleys.
- Installation of two charging stations for electric vehicles in the parking area.

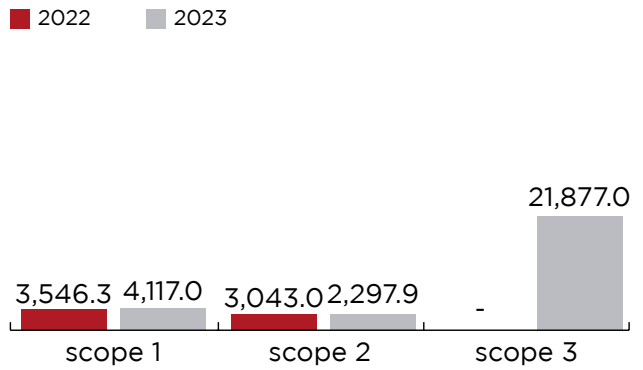


- Initiating a **process to collect near-miss incidents** to develop protective measures aimed at eliminating risks at their source.

	2022	2023
Total energy consumption (MWh)	18,513	20,868
of which: electricity consumption	6,179	7211.6
of which: natural gas consumption	4,259	3,259
of which: fuel consumption	8,075	10,397
Energy consumption from renewable sources (MWh)	458	377



GHG EMISSIONS (ton CO₂e)¹⁷



	2022	2023
% of women in the workforce	48%	47%
Number of injuries occurred	9	1
Lost workdays due to injuries, accidents or professional illness	116 ¹⁸	36
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

¹⁶ The Chicago production site was sold at the end of 2023 and remained operational until March 2024.

¹⁷ The estimated Scope 3 emissions include the following categories: Purchased goods and services, and Waste generated in operations.

¹⁸ The high number of days of absence recorded in 2022 was due to two cut injuries that required long recovery periods. Following the two incidents, Personal Protective Equipment (“PPE”) was adopted, and a procedure was created. Thanks also to the increased care developed through staff training on safety and prevention topics, the injury data for 2023 has significantly improved.

3.5.3 COFFEE HOLDING



Sector:
Coffee

Initial investment date:
9/2019

Type of investment:
Leveraged Buyout (64%)

Coffee Holding is a build-up project started in 2019 by MCP-III, aimed at creating an integrated group, able to cover the entire coffee chain, from roasting to distribution, through a complementary mix of sales channels and a wide range of products. Neronobile, Daroma, and Yespresso are three companies that make up the group, each one of them active in different areas of the coffee chain.

- i) **Neronobile** produces and distributes compatible capsules for coffee and other infusions, primarily on a private label basis.
 - ii) **Daroma** is a coffee roaster focused on the Ho.re.Ca channel, with a portfolio of renowned Italian coffee brands.
 - iii) **Yespresso** is an online retailer of compatible coffee capsules, operating under its own brand, through the proprietary e-commerce platform and a strong positioning on Amazon.
- Together, these three companies create a complete offering in the coffee industry, allowing Coffee Holding to exploit the main market trends, such as the spread of disposable capsules and the growth of the online channel, while also leveraging the tradition of the Italian “Espresso”.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Redesign of the packaging to eliminate plastic bags around the capsule.

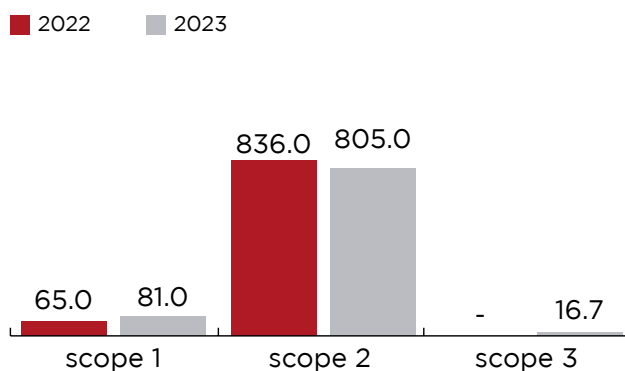


- Investment into a new more efficient roaster that will reduce energy consumption by 30% and can recover waste, which can be reused as briquettes for stoves and fireplaces.

	2022	2023
Total energy consumption from non-renewable sources (MWh)	705.0	596.4
of which: electricity consumption	436.0	262.0
of which: natural gas consumption	269.0	334.4
of which: fuel consumption	-	-
Energy consumption from renewable sources (MWh)	1,623.0	1,720.2



GHG EMISSIONS (ton CO₂e)¹⁹



	2022	2023
% of women in the workforce	52%	48%
Number of injuries occurred	3	2
Lost workdays due to injuries, accidents or professional illness	94	5
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

¹⁹ The estimated Scope 3 emissions include only the category: Purchased goods and services.

3.5.4 EURMODA



Sector: Metal accessories for luxury leather goods	Initial investment date: 10/2019	Type of investment: Leveraged Buyout (54%)
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Eurmoda is a build-up project started in 2019, aimed at creating a leading group in the field of metal accessories for leather goods and clothing, able to serve the entire luxury market and offer a broad portfolio in terms of product categories, materials used, and technologies used. The group covers the entire production process, from the development of accessories to their finishing, and has become over time one of the strategic partners of several leading luxury maisons.

i) Within the integrated group ABC Morini imports and distributes metal accessories for leather goods, with the possibility of carrying out some finishing operations internally and focusing on the premium customer segment.

ii) Alce focuses instead on some stages of production and integrates the offer of products and production technologies thanks to its extensive experience alongside affordable luxury brands. The company was merged into Eurmoda in December 2021.

iii) Macuz S.r.l. specializes in the production and distribution of high-end brass accessories, with over 70 years of experience in the luxury sector.

Since the initial investment in MCP-III, Eurmoda has demonstrated a strong commitment to both environmental and social considerations. At the end of 2022, the group decided to increase the gross salaries of its lower-paid employees, investing approximately EUR 200k per year. This measure affected 30% of the workforce. Additionally, the company introduced a teleworking policy and formalized a reward policy that links employees' variable remuneration to predefined objectives and the achievement of specific EBITDA thresholds at the group level.

In 2022, the group launched a feasibility study for a new technology - Physical Vapor Deposition (PVD) - which offers a less environmentally damaging alternative to electroplating. PVD does not use toxic chemicals or heavy metals, and its coatings are more durable and easier to maintain compared to electroplating. The project was fully implemented in the production cycle in 2023.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Certification to ISO 45001 in progress.
- Adoption of a Code of Ethics.
- Implementation of the second phase of the welfare project (initiated at the end of 2022), aimed at enhancing employees' health insurance coverage.



- Completion of the investment in the PVD finishing technology.

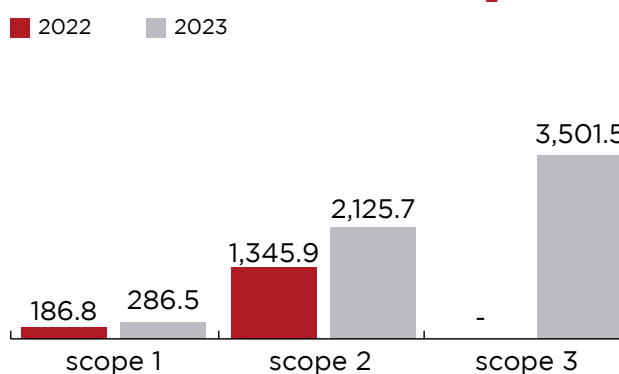


- Initiation of a project aimed at conducting periodic audits on HR and H&S (for third-party contractors).
- Introduction of a monitoring plan for air quality in company facilities.

	2022	2023
Total energy consumption from non-renewable sources (MWh)	4,029.6	6,273.0
of which: electricity consumption	3,261.0	5,094.8
of which: natural gas consumption	768.4	1,175.6
of which: fuel consumption	0.2	2.6
Energy consumption from renewable sources (MWh)	54.0	140.9



GHG EMISSIONS (ton CO₂e)²⁰



	2022	2023
% of women in the workforce	34%	38%
Number of injuries occurred	7	4
Lost workdays due to injuries, accidents or professional illness	47	57
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

²⁰ The estimated Scope 3 emissions include the following categories: Business travel, Purchased goods and services, and Waste generated in operations.

3.5.5 SKINATIVE

SKINATIVE

Sector: Professional skin-care cosmetics	Initial investment date: 5/2020	Type of investment: Leveraged Buyout (85%)
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SKINATIVE is a “Made in Germany” build-up group focused on the development and production of highly advanced cosmetic skincare products. The headquarters is in Hessisch Lichtenau, Germany. The primary business segments encompass the distribution of KLAPP, one of the few globally recognized German professional cosmetic heritage brands. Additionally, the group operates a robust private label arm under the names SKINOVATORS and KLG dedicated to the development and manufacturing of cosmetic products for a diverse range of customers in both direct-to-consumer (D2C) and retail channels. As of 2023, the company has a direct presence in the French, Polish and Chinese markets.

Over the years, the company has become increasingly focused on improving its environmental and social characteristics. Alongside its rebranding in 2022, the company redesigned its packaging, utilizing eco-friendly materials for the primary packaging, such as mono plastics²¹, glass jars and dispensers, post-consumer recycled (PCR) materials with different recycled material share, reducing the size of secondary packaging material and waste. The company has also worked diligently to shorten its supply chains, resulting in the majority of suppliers now being European. This reduction in transportation routes helps decrease carbon dioxide emissions. Additionally, through the RSPO Supply Chain Certification Standard, the company ensures that all purchased palm oil is sourced from certified plantations.

Personnel balance is a priority: 67% of the Board of Directors is composed of women, and women hold 53% of top positions. The company fosters a culture of training, with all employees having attended at least one training session during the year.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Obtaining of the following certifications:
 - Cosmetic - GMP ISO 22716, which provides the company with guidelines for the production, control, storage and shipment of cosmetic products.
 - IFS HPC - standard for household and personal care products: the certification assesses the safety and quality of management system and production processes.
- Adoption of a Code of Ethics.



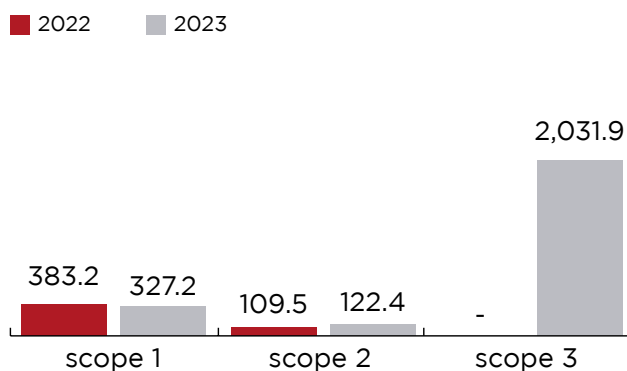
- Further increase in the purchased electricity from renewable sources: in 2023 is at 100%.

²¹ The term “mono plastic” refers to a type of plastic that is made from a single type of polymer or resin, as opposed to a composite of different materials. Mono plastics are used to describe products or packaging that are made entirely from one type of plastic material, making them easier to recycle compared to multi-material products.

	2022	2023
Total energy consumption from non-renewable sources (MWh)	1,568.8	1,338.8
of which: electricity consumption	-	-
of which: natural gas consumption	1,539.8	1,311.8
of which: fuel consumption	29.0	27
Energy consumption from renewable sources (MWh)	269.7	301.6



GHG EMISSIONS (ton CO₂e)²²



	2022	2023
% of women in the workforce	81%	81%
Number of injuries occurred	3	6
Lost workdays due to injuries, accidents or professional illness	20	88
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

²² The estimated Scope 3 emissions include the following categories: Employee commuting, Purchased goods and services, and Waste generated in operations.

3.5.6 MEDTECH



Sector: Medical consumables and devices	Initial investment date: 8/2020	Type of investment: Leveraged Buyout (68%)
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Medtech is an aggregation project in the biomedical sector. The group, based in the biotech district of Mirandola (Modena), can offer a wide range of medical devices, both to hospitals and to the main global OEMs.

- i) **Sidam Group** (consisting of Sidam and BTC) specialises in the engineering, assembling and packaging of disposable sets and medical devices for the transfer of medical liquids in closed, often high-pressure systems, with main applications in radiology and oncology.
- ii) **Emotec** is a company operating in the production of medical devices for infusion and transfusion, as well as providing pharmaceutical secondary packaging services.

Medtech Group has gradually improved its E/S profile during MCP-III's ownership period: it operates according to certification ISO 14001 (environmental management system), certification ISO 45001 (occupational health & safety management system), has implemented the organizational & governance model 231 and the Code of Ethics. It is also attentive to its employees: from the adherence to post-school care to the children of employees, to the increasing choice of training courses for the employees and the possibility to work from remote tele-working policy. The company has started producing energy with solar panels installed both in Emotec and in Sidam, for 30 KWp.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Launch of a project to improve medical product packaging by 2024, reducing packaging volume, transport costs, and environmental impact.



- Inclusion of an ESG section in FY23 financial statement of Sidam with the main ESG KPIs monitored by the Company.
- EcoVadis questionnaire completed for Emotec.
- 24 new suppliers selected for quality/price and social and/or environmental impact.



- Installation of a Digital Addressable Lighting Interface (DALI) system, enhancing energy efficiency and reducing electricity consumption by intelligently adjusting lighting based on real-time needs and activity-specific requirements.
- Partnered with [Cleanhub](#) to collect 5 tons of plastic waste in India per year.

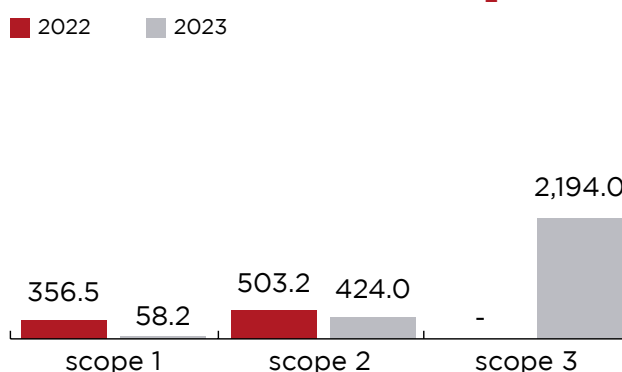


- Adhesion to the voluntary integrative health assistance fund FAS Gomma & Plastica become effective from 2023.

	2022	2023
Total energy consumption from non-renewable sources (MWh)	2,462.5	1,087.1
of which: electricity consumption	1,024.6	884.5
of which: natural gas consumption	1,324.7	66.6
of which: fuel consumption	113.2	136.0
Energy consumption from renewable sources (MWh)	214.8	159.9



GHG EMISSIONS (ton CO₂e)²³



	2022	2023
% of women in the workforce	67%	82%
Number of injuries occurred	0	2
Lost workdays due to injuries, accidents or professional illness	0	49
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

²³ The estimated Scope 3 emissions include the following categories: Employee commuting, Purchased goods and services, and Waste generated in operations.

3.5.7 YMENSO



Sector: Medium-high end haircare products	Initial investment date: 10/2020	Type of investment: Leveraged Buyout (69%)
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YMENSO is a build-up project in the professional haircare sector, to pursue a strategy of internationalization and aggregation in a highly fragmented market. The group presides over the entire value chain, from R&D to production, from distribution to the offer of training services, dedicated to the professional channel.

- i) Nuova Fapam develops and sells professional hair care products through its brands (Screen, Nubeà, Legerity, and Screen Man), with a strong positioning in the medium-high price bracket. The company is present in the Italian market with a network of over 800 affiliated hairdressers, 200 of which are under the brand name “Tagliati X il Successo” and is distinguished by a strong focus on professional training, with over 7,500 sqm of training centres located across Italy as well as abroad in Malta and Spain (Madrid).
- ii) Procosme focuses on research, formulation, and production of technical and high-complexity products.

In recent years, the company adopted a more structured approach to governance improvement. In line with the experience of other companies in the portfolio, the company achieved key certifications such as GMP ISO 22716:2008, which provides guidelines for the production, control, storage, and shipment of cosmetic products, and ISO 9001:2015 (quality management system).

Additionally, the company implemented a teleworking policy and developed employee incentive plans, including a stock option plan to align and incentivize the top management team. The inclusion of professional powder products in the product range (both shampoo and conditioner) aligns with the sustainable megatrend of ‘Waterless Beauty,’ aiming to reduce water waste during production, minimize transportation impact, and ultimately lower GHG emissions.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Issuing of the first ESG Report in 2023, compliant to GRI Standards.
- Adoption of a corporate ESG Policy.
- Adoption of Model of Organization and Governance (MOG) compliant with the Italian Legislative Decree No. 231/2001 and of a Code of Ethics expected in the first half of 2024.
- Adoption of a whistleblowing policy expected by 2024²⁴.
- Initiated the process to obtain certification ISO 45001:2018 (Occupational Health and Safety Management System)

²⁴ The policy has been drafted in accordance with the legislation ‘Provisions for the protection of authors of reports of crimes or irregularities of which they have become aware within the context of a public or private employment relationship,’ and in particular considering the updates introduced by Legislative Decree No. 24/2023.

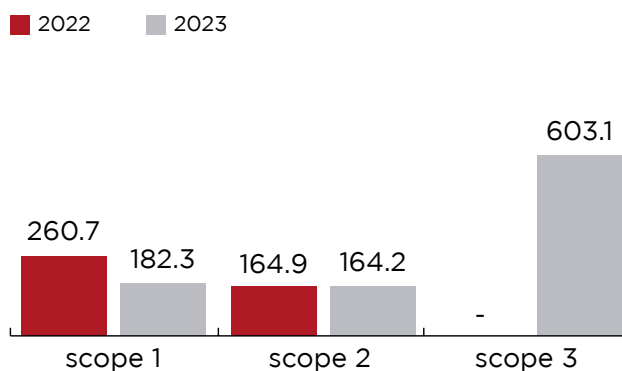


- Partnered in 2023/2024 with the Italian radio station LifeGate for the project “PlasticLess®” (a floating waste collection container capable of capturing over 500 kg of waste per year in the harbour of Pescara).
- In March 2024, Nuova Fapam signed an agreement with a new electricity distributor, for the 100% supply of certified green energy.

	2022	2023
Total energy consumption from non-renewable sources (MWh)	1,479	1,107.7
of which: electricity consumption	406.3	404.5
of which: natural gas consumption	1,072.6	529.0
of which: fuel consumption	n.a.	174.2
Energy consumption from renewable sources (MWh)	-	-



GHG EMISSIONS (ton CO₂e)²⁵



	2022	2023
% of women in the workforce	43%	46%
Number of injuries occurred	1	3
Lost workdays due to injuries, accidents or professional illness	31	142
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

²⁵ The estimated Scope 3 emissions include the following categories: Business travel, Purchased goods and services, and Waste generated in operations.

3.5.8 WAICO



Sector: Bakery machinery	Initial investment date: 11/2021	Type of investment: Leveraged Buyout (61%)
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Waico (White Art Italian Companies) is a build-up project promoted by MCP, born from the merger of three operators of artisanal bakery machines, **Vitella**, **Starmix** and **Effedue**, which occurred in September 2022. At the end of 2022, Waico acquired **Italforni**, a company based in Pesaro (Central Italy) and specialized in the production and commercialization of pizza ovens for pizzerias, with a strong focus on product design and innovation.

The aim of the project is to create a reference operator in a sector in which Italian companies are already world leaders, but at the same time characterized by extreme fragmentation. The integration will enable the group to generate productive and commercial synergies and to offer customers a complete range of products and services, increasing competitiveness on international markets.

In conjunction with the relocation to the new facility, the group adopted a comprehensive corporate welfare plan aimed at providing employees with a monthly contribution of shopping vouchers and fuel vouchers.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Review of the packaging to reduce the plastic footprint of the group.



- Initiated the implementation of Model of Organization and Governance (MOG) compliant with the Italian Legislative Decree No. 231/2001.



- Completed the relocation to a new facility designed to create a safe and efficient workplace, following the latest environmental and health standards (i.e., installation of solar panels, LED lights, and high-performance electric heat pumps for domestic hot water production and air conditioning, including in production areas, as well as water bottle filling stations).

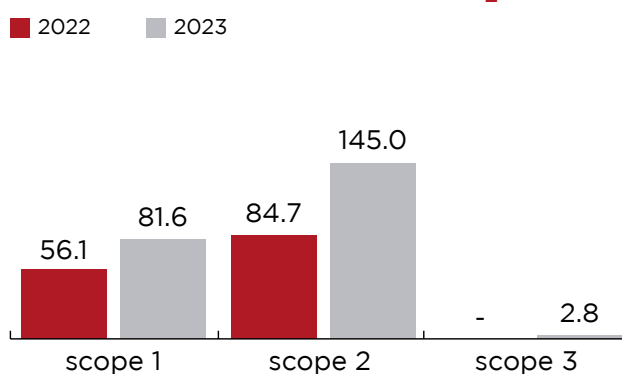


- Provision of additional training on waste management upon request by some employees to enhance awareness of proper waste disposal within the company, along with in-person training sessions on sector-specific healthcare assistance. Scheduled for 2024 is an additional training package to enhance professional skills (e.g., Excel).
- Participation in various projects to support local communities.

	2022	2023
Total energy consumption from non-renewable sources (MWh)	604.2	632.1
of which: electricity consumption	186.5	353.7
of which: natural gas consumption	230.8	72.7
of which: fuel consumption	187.0	205.7
Energy consumption from renewable sources (MWh)	22.1	3.5²⁶



GHG EMISSIONS (ton CO₂e)²⁷



	2022	2023
% of women in the workforce	29%	26%
Number of injuries occurred	2	2
Lost workdays due to injuries, accidents or professional illness	105	18
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

²⁶ The energy consumption from renewable sources includes the electricity produced by the Vitella company's photovoltaic plant from January 1st, 2023, to March 31st, 2023. In 2024, this value is expected to increase again due to the ongoing installation of a new photovoltaic plant at the Waico corporate headquarters.

²⁷ The estimated Scope 3 emissions only include the category: Purchased goods and services.

3.5.9 SELEMATIC



Sector: Secondary packaging	Initial investment date: 11/2021	Type of investment: Leveraged Buyout (64%)
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Selematic is active in the design and assembling of automatic secondary packaging systems for dry pasta boxes, particularly case packers, shrink wrappers and palletizing systems. In recent years Selematic has diversified the applications of the machines produced into other niches of the food sector (e.g., legumes and bakery products), in pet food and in single use products, achieving huge increases in market shares, including internationally.

The company has already achieved several standard milestones in its ESG improvement progression. It has adopted a Model of Organization and Governance (MOG) compliant with Italian Legislative Decree No. 231/2001, implemented a Code of Ethics, and drafted an ESG Action Plan for 2023-2025 with the support of an external professional. ISO 9001 certification (quality management system) is active. Employees benefit from a health insurance policy that covers medical expenses. Additionally, a new HR reward system has recently been introduced to complement the existing remuneration policy.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Development of an energy efficiency program, which includes the application of 3m sun control window films on office buildings to conserve energy,
- Purchase of a new higher energy-class heat pump,
- Replacement of all classic bulbs with LED lights.



- Obtaining of certification ISO 45001 (occupational health & safety management system) originally planned by end of 2023 is now expected by September 2024.
- Obtaining of ISO 14001 (environmental management system) originally planned by July 2023 is now scheduled in 2025.

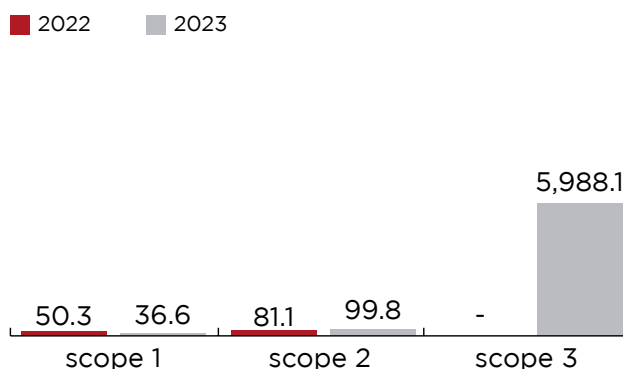


- Provision of additional H&S training for employees, beyond the mandatory courses.

	2022	2023
Total energy consumption from non-renewable sources (MWh)	363.3	365.3
of which: electricity consumption	199.78	245.9
of which: natural gas consumption	-	-
of which: fuel consumption	163.54	119.4
Energy consumption from renewable sources (MWh)	-	-



GHG EMISSIONS (ton CO₂e)²⁸



	2022	2023
% of women in the workforce	11%	11%
Number of injuries occurred	1	0
Lost workdays due to injuries, accidents or professional illness	10	0
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

²⁸ The estimated Scope 3 emissions include the following categories: Purchased goods and services, and Waste generated in operations.

3.5.10 CROCI



Sector: Accessories for pets	Initial investment date: 12/2021	Type of investment: Management buyout (55%)
---	--	--

Croci Group is a leader in the development and distribution of pet accessories and aquarium's solutions, which are characterized by a strong component of innovation, sustainability and design. MCP's goal is to accelerate the group's expansion into international markets. Croci is the Italian group leader, specializing in the development of a wide range of pet accessories, such as kennels, leashes, toys, snacks and hygiene products, distributed under its own brand. **Amtra** is the German-based subsidiary specializing in aquarium accessories, acquired by Croci in 2010. **Amtra-Croci Asia** is the subsidiary opened in China in 2018 to develop the promising local market. **Canifrance** is a historic French company specializing in high-quality collars and leashes, sold under the Bobby brand, which was acquired by Croci in early 2021. **Creaciones Arppe**, acquired at the end of 2022, is a Spanish company that manufactures leashes and comfort products, such as kennels and cushions.

Croci has been attentive to E/S characteristics for several years. The company systematically assesses all its suppliers using a questionnaire that inquiries about their management of E/S practices, aiming to favor those with higher scores. Additionally, Croci is working to expand its green product line, Eco by Croci, which includes a range of compostable products such as litters, wipes, and hygienic pads, all packaged in fully recycled and recyclable materials.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY

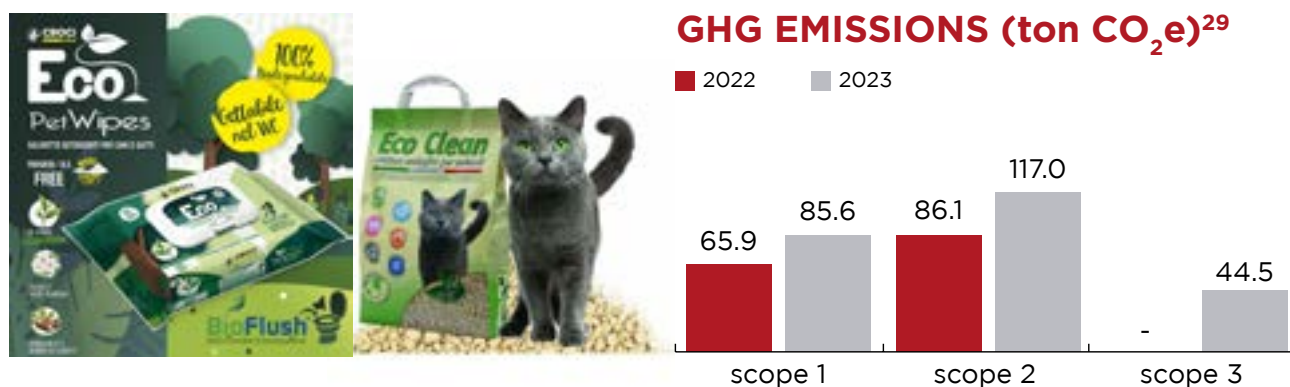


- Adopted a Model of Organization and Governance (MOG) compliant with Italian Legislative Decree No. 231/2001 and the Code of Ethics.



- 70% of its electricity consumption comes from renewable sources (partly due to a 188 Kw photovoltaic plant installed at its Italian premises in Castronno).
- Packaging revised: paper packaging is now made from 75% recycled material, and plastic bags are made of compostable material according to UNI EN 13432-2000-12 standards.
- Introduced environmental labeling on all packaging to ensure proper recycling by the consumer.
- Partnered with [Treedom](#) even in 2023 (non-profit organization project, focused on reforestation in various parts of the globe).

	2022	2023
Total energy consumption from non-renewable sources (MWh)	385.2	403.2
of which: electricity consumption	114.0	92.4
of which: natural gas consumption	271.2	153.0
of which: fuel consumption	-	157.8
Energy consumption from renewable sources (MWh)	98.0	195.7



	2022	2023
% of women in the workforce	43%	43%
Number of injuries occurred	1	1
Lost workdays due to injuries, accidents or professional illness	17	20
Number of claims received regarding violations of labor rights	0	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0

²⁹ The estimated Scope 3 emissions include the following categories: Downstream transportation and distribution, Purchased goods and services, and Waste generated in operations.

3.5.11 FIORINI INDUSTRIES



Sector: HVAC+R systems and components	Initial investment date: 10/2023	Type of investment: Management buyout (75%)
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Fiorini is a family-owned Italian group boasting +40 years of experience in the HVAC sector. The group, composed by Fiorini Industries S.r.l and its subsidiaries Wenkel S.r.l. and Total Transfer Technology S.r.l., specializes in the development and production of components for water-based systems (e.g. heat pumps), serving mid/high-end solutions for commercial, residential and industrial applications. The product portfolio is wide, thanks to several acquisitions carried out in the past 15 years and includes tanks, hydronic kits and heat exchangers.

At the time of the first investment by MCP-III, the group has already in place an integrated management system for quality, environment, and health & safety, compliant with certifications ISO 9001, 14001, and 45001 standards, and Directive 2014/68/EU (Pressure Equipment Directive - PED). It systematically monitors the supply chain related to conflict minerals. It has a Legality Rating Certificate ***+ released by the AGCM (Italian antitrust authority)³⁰.

ESG 2023 ACHIEVEMENTS AND INITIATIVES UNDERWAY



- Commitment to offering environmentally friendly solutions, such as geothermal heat pumps and R290 gas-powered heat pumps, eco-friendly and least polluting refrigerant.



- EcoVadis questionnaire completed.
- Initial assessment for the implementation of a Model of Organization and Governance (MOG) compliant with Italian Legislative Decree No. 231/2001 and the Code of Ethics.



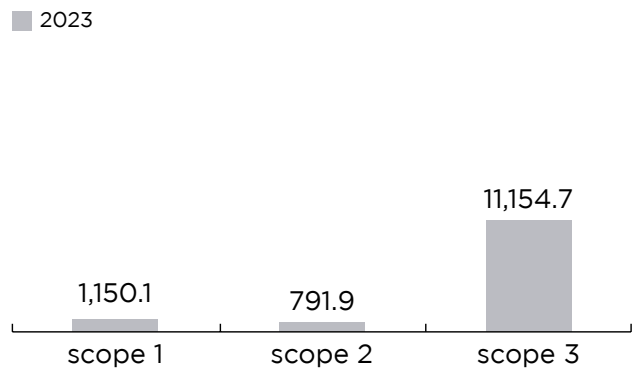
- Removal of fluorescent lamps and the installation of LED fixtures, implying 200 MWh/year saved by reducing the electrical power used for plant lighting.

³⁰ Such a rating strengthens the reputation of the economic operators that obtain it, giving virtuous companies the right to access benefits when they request public or bank funding and when they participate in public procurement tenders.

	2023
Total energy consumption from non-renewable sources (MWh)	6,535.1
of which: electricity consumption	1,950.4
of which: natural gas consumption	4,043.0
of which: fuel consumption	541.7
Energy consumption from renewable sources (MWh)	-



GHG EMISSIONS (ton CO₂e)¹⁴



	2023
% of women in the workforce	15%
Number of injuries occurred	13
Lost workdays due to injuries, accidents or professional illness	464
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

4

ESG CASE STUDIES

4.1 Italcer - Championing diversity: the path to certification UNI/PdR 125:2022

4.3 Croci - Green Products for Pet Wellness

4.2 Fiorini Industries - Pioneering sustainable solutions in the HVAC+R sector

Medtech and Ymenso - Initiatives to reduce the plastic pollution

4.1 Italcer

CHAMPIONING DIVERSITY: THE PATH TO CERTIFICATION UNI/PdR 125:2022



Diversity and Inclusion

Italcer Group, founded by MCP in 2017, is a group of nine companies that manufacture high-quality outdoor and indoor ceramic products, with a focus on high-end ceramic tiles and luxury bathroom furnishing.

In occasion of the transformation of the parent company Italcer S.p.A. into a benefit corporation, the promotion of diversity and inclusion was incorporated into the company's articles of association as common benefit objective. In line with this approach, by the end of 2023, Italcer Group's Italian perimeter companies embarked on a journey towards implementing and subsequently **certifying a gender equality management system, in accordance with UNI/PdR 125:2022 standards**. This initiative introduced management tools aimed at better measuring, reporting, and evaluating gender-related and other diversity-related data, with the goal of addressing any existing gaps.

This process involved employee engagement through an anonymous questionnaire, informative communications, tailored training programs, and interviews, culminating in March 2024 with the attainment of the UNI/PdR 125:2022 certification (certificate IT330641), issued by the certification body Bureau Veritas, **covering Italcer and its subsidiaries: Devon&Devon, Spray Dry, Ceramica Fondovalle, and Terratinta Group**. As of December 31, 2023, 37% of Group's employees are female, stable on previous year. Additionally, 12% of employees are under 30 years old, while 49% are between 30 and 50 years old.

4.2 Fiorini Industries

PIONEERING SUSTAINABLE SOLUTIONS IN THE HVAC+R SECTOR



Responsible sourcing

In the fourth quarter of 2023, **Fiorini Industries** was acquired by MCP-III and MCP-IV. The company produces and markets HVAC+R products and OEM solutions³¹.

FURIA PROJECT: ADVANCING ECO-FRIENDLY TECHNOLOGIES

The company is committed to **providing environmentally sustainable solutions**, such as the geothermal heat pumps and the **gas-powered R290 heat pumps, which utilize the most eco-friendly and least polluting refrigerants available**. These advanced heat pump systems, developed under the Furia brand, are integrated with hydronic systems to efficiently produce hot water for sanitary purposes while simultaneously offering heating and cooling for indoor spaces. Furia heat pumps utilize propane gas as a natural refrigerant, boasting an exceptionally low Global Warming Potential (GWP) of 3. This stands in stark contrast to conventional gases like R32 (GWP = 675) and R410A (GWP = 2088).



Tackling climate change

ECOVADIS ASSESSMENT: COMMITMENT TO SUSTAINABILITY

Fiorini Industries recently completed the **EcoVadis questionnaire** at a client's request **to obtain a sustainability assessment**.

The EcoVadis methodology is based on 21 sustainability criteria, evaluating companies' policies and actions as well as their published reports in four main areas: environment, labor and human rights, ethics, and sustainable procurement.

Fiorini Industries received an overall score classified as **"Good"**, positioning above the average in the overall industry score distribution. This indicates that the Group has a **structured and proactive approach to sustainability**, with commitments, policies, and tangible actions addressing key areas, along with a monitoring report on relevant performance indicators. In 2024, the group is enacting a corrective action plan and focusing on enhancing its sustainability management system.



³¹ The acronym HVAC+R stands for Heating, Ventilation, Air Conditioning, and Refrigeration.

4.3 Croci

GREEN PRODUCTS FOR PET WELLNESS



Improving product sustainability Responsible sourcing

Croci, part of MCP-III portfolio since December 2021, is a leading Italian company in the pet industry that has expanded its eco-friendly product line, reinforcing its commitment to sustainability and environmental protection. In the two-year period 2022 - 2023, Croci added numerous new products to its ECO Line. The Eco Line now includes:

Pet wipes: made from OEKO-TEX 100 and FSC certified fabric. They are moistened with a lotion enriched with plant-based ingredients, made of 100% biodegradable cellulose. Croci's ECO wipes are free from parabens³² and surfactants³³.

Super nappy ECO pads: made from over 80% biodegradable materials and decompose faster than conventional pads. They include layers of non-woven fabric, paper, plant pulp, and plant fiber film. Additionally, the packaging itself is designed to be easily recyclable in all its components.



ECO Clean litter: eco-friendly litter made from vegetable fibers, primarily sourced from local crops, to minimize environmental impact and allow direct control over the quality of the crop and the cultivation techniques. Its highly absorbent and its clumping properties not only ensure effective waste management but also contribute to reducing carbon dioxide emissions through its low-impact production process. Moreover, Eco Clean's biodegradable nature allows for compost, eliminating waste generation. It is environmentally friendly due to its absence of silicone or dust, along with a production process characterized by low energy consumption and the no-recourse to fossil fuels. With its natural active ingredient, it inhibits odour formation without harmful chemicals, making it both hygienic and environmentally sustainable.

In 2023, the ECO-litters accounted for more than 70% of total litter sales, and this figure is expected to increase in 2024, in response to consumers becoming more conscious in their choices



³² Parabens are preservatives commonly used in cosmetics and personal care products to prevent the growth of bacteria and mold. They have raised concerns regarding their potential to disrupt hormone function, although the evidence for this is inconclusive and regulatory agencies generally consider them safe within certain limits.

³³ Surfactants have been a subject of some controversy due to its potential to cause skin irritation, especially for individuals with sensitive skin. Some people also avoid products containing surfactants due to concerns about its environmental impact and its potential to be harsh on the skin and hair.

4.4 Medtech and Ymenso

INITIATIVES TO REDUCE PLASTIC POLLUTION



Partnership for making positive impacts



Medtech, part of MCP-III portfolio since August 2020, is the holding company of an Italian industrial group active in the production and marketing of disposable medical devices, composed of

two operating companies, Sidam and Emotec.

Sidam, aiming at reducing its plastic footprint, decided in 2023 to support a plastic collection program in collaboration with [Cleanhub](#), a company that aims to promote proper waste management in coastal regions, preventing plastic pollution of the oceans. This partnership embodies the spirit of SDG 17 “Partnerships for the Goals” and, while not directly linked to MCP’s E/S characteristics, it positively contributes to SDG 14 “Life Below Water” and SDG 15 “Life on Land.”

This program is designed to fund Green Worms Waste Management, an organization actively engaged in door-to-door plastic waste collection to combat environmental pollution. The initiative is focused on directly retrieving plastic waste from households, intercepting it before it can contaminate the environment and specifically the oceans.

Waste management plays a crucial role in preventing plastic pollution. Currently, two billion people residing in coastal regions lack access to proper waste management facilities. Consequently, trash is either openly burned, dumped, or piled onto poorly managed landfills. Effective waste management systems act as a barrier, ensuring that trash never finds its way into nature or is incinerated in the open air. Through financial backing, Green Worms Waste Management can expand its door-to-door collection services.

In 2024, Sidam will fund the collection of 5 tons of plastic, contributing to the ongoing efforts to combat plastic pollution and promote sustainable waste management practices.

Yearly production of plastic (including waste): about 340 tons.

In 2023, Nuova Fapam, sensitive to the issue of plastic pollution in the seas, collaborated with the Italian radio station Lifegate to install a “Seabin” plastic collection device at the port of Pescara. The “Seabin” is a floating waste collection container capable of capturing over 500 kg of waste per year, including plastics,

microplastics, and common waste that end up in the seas due to tourist activity on the beaches. Thanks to this initiative, starting in June 2024, the three bottles of the Purest line (Screen brand), will be made from plastic recovered from the oceans and certified with the Prevented Ocean Plastic mark.



Appendixes

A. DEFINITIONS AND ACRONYMS

AIF(s)	Alternative Investment Fund(s).
GHG	Greenhouse gases.
GRI Standards	The GRI (Global Reporting Initiative) Standards are a set of globally recognized guidelines used by organizations to report on their sustainability performance. They provide a framework for transparently disclosing economic, environmental, and social impacts, helping organizations measure and manage their sustainability efforts effectively.
KPI(s)	Key Performance Indicator(s).
MCP	Mindful Capital Partners S.A. (also the “Company”) is an Alternative Investment Fund Manager (“AIFM”) of Alternative Investment Funds (“AIFs”) with private equity and venture capital investment strategies, duly authorized by the Commission de Surveillance du Secteur Financier (“CSSF”). Legal office is in 10, rue Antoine Jans, L-1820 Luxembourg (Grand Duchy of Luxembourg), RCS number B-233903. In June 2022, MCP established an Italian branch, with registered office in Corso di Porta Nuova n. 3, 20121 Milan (Italy).
MCP-I	Mandarin Capital Partners S.C.A. SICAR, the first AIF launched by the MCP Team in 2007. The fund was liquidated in 2018, after having successfully divested the entire portfolio.
MCP-II	Mindful Capital Partners II S.C.A. SICAR, the second AIF launched by the MCP Team, with the first closing in 2013. RCS number B-178903.
MCP-III	Mindful Capital Partners III S.C.A. SICAF RAIF, the third AIF launched by the MCP Team, with the first closing in 2019, R.C.S. number B-235484.
MCP-IV	Mindful Capital Partners IV S.C.A. SICAV RAIF, the fourth AIF launched by the MCP Team in August 2023, with the first closing in December 2023, R.C.S. number B-279779.
Portfolio Company	The company invested by the AIFs under management.
Reference Date	December 31, 2023.
Reference Period	January 1, 2023 - December 31, 2023.

SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainability related Disclosures in the Financial services sector.
CSRD	Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 as regards Corporate Sustainability Reporting.

GHG emissions

They can be classified into three main categories, known as “scopes,” which provide a framework for understanding the sources and boundaries of these emissions. The classification is commonly used in sustainability reporting and greenhouse gas accounting:

Scope 1

Greenhouse gas emissions that are directly generated from sources owned or controlled by an organization (the “**Organization**”, in this section). These emissions are produced from activities within an organization’s operational boundaries.

Examples of scope 1 GHG emissions include:

- 1) Emissions resulting from the burning of fossil fuels such as coal, oil, or natural gas (for heating, electricity generation, or powering equipment) by furnaces, boilers, other Organization-owned power plants and equipment.
- 2) Emissions produced by the operation of the Organization’s fleet of vehicles, including cars, trucks, or industrial machinery. This covers emissions from transportation activities such as i) goods and services deliveries, ii) employee commuting (between their homes

and workplaces) and iii) business travels by the organization’s employees, including air travel, rail travel, and car rentals.

3) Emissions generated by certain industrial chemical processes. For instance, the production and use of chemicals, such as refrigerants or solvents, contributes to scope 1 emissions.

4) Emissions from the decomposition of organic waste disposed of on-site, such as landfill gas from decomposing waste in landfills owned or operated by the organization.

Scope 2

Greenhouse gas emissions that are indirectly generated because of the consumption of purchased or acquired electricity, heat, or steam by an organization. These emissions occur outside of an organization’s operational boundaries but are associated with its activities.

The primary source of scope 2 emissions is the consumption of grid-supplied electricity. This includes power used for lighting, heating, cooling, and operating equipment within an organization’s facilities.

Scope 2 emissions are considered indirect because they result from the generation of electricity or other energy sources that an

organization purchases from an external supplier, such as a utility company. The emissions occur during the production of the purchased energy, not within the organization itself.

To calculate scope 2 emissions, organizations typically rely on emission factors provided by their electricity suppliers or national grid operators. These factors represent the average greenhouse gas intensity of the electricity generated in a particular region, considering the mix of energy sources used.

For this Report, the location-based³⁴ method was adopted, applying national average emission factors (from the database of the European Environment Agency) for the different countries in which the Portfolio Companies buy electricity.

Organizations have the option to reduce their scope 2 emissions by purchasing Renewable Energy Certificates (RECs) or engaging in Power Purchase Agreements (PPAs) with renewable energy projects. By doing so, they can claim that a portion or all of their purchased electricity comes from renewable sources.

Scope 3

Greenhouse gas emissions that occur as a result of an organization's activities outside its operational and control boundaries. These emissions are a consequence of the entire value chain of the organization, including suppliers, customers, and other stakeholders.

Tracking and reducing Scope 3 emissions

is crucial for companies aiming to comprehensively address their environmental impact. It requires collaboration with suppliers, customers, and other stakeholders to identify and address emissions throughout the value chain.

Scope 3 emissions are considered indirect (as scope 2 emissions) because they result from activities that are not owned or controlled by the organization but are associated with its products, services, or operations. These emissions occur upstream (in the supply chain) or downstream (in the use and disposal of products).

Scope 3 emissions can be challenging to measure and quantify due to the complexity of the value chain. It requires collaboration and data sharing with suppliers and partners, making it more complex than assessing scope 1 or 2 emissions.

Scope 3 emissions often represent a significant portion of an organization's overall carbon footprint. Addressing and reducing these emissions require efforts to collaborate with suppliers, customers and the other stakeholders throughout the value chain. To mitigate their scope 3 emissions, organizations can engage in initiatives such as supplier engagement, product design improvements, and circular economy practices.

Examples of scope 3 GHG emissions include:

1. Purchased goods and services: Emissions from the production of goods and services that the organization purchases, including raw materials, components, and other products.

³⁴ For further information on Scope 2 emissions, please consult the "GHG Protocol Scope 2 Guidance".

2. Capital goods: Emissions from the production of capital goods, such as machinery, buildings, and equipment, that the organization purchases or leases.

3. Fuel and energy-related activities (not included in Scope 1 or 2): Emissions related to the production and transportation of fuels and energy purchased by the organization, but not directly consumed by the organization itself.

4. Upstream transportation and distribution: Emissions from the transportation and distribution of products and services purchased by the organization, including inbound logistics and warehousing.

5. Waste generated in operations: Emissions from the disposal and treatment of waste generated in the organization's operations.

6. Upstream leased assets: Emissions from the operation of assets that are leased by the organization and not included in Scope 1 or 2 emissions.

7. Downstream transportation and distribution: Emissions from the transportation and distribution of products sold by the organization, including outbound logistics and warehousing.

8. Processing of sold products: Emissions from the processing of intermediate products sold by the organization by downstream companies.

9. Use of sold products: Emissions from the use of products sold by the organization, particularly relevant for products that consume energy during use.

10. End-of-Life treatment of sold products: Emissions from the disposal and treatment of products sold by the organization at the end of their life cycle.

11. Downstream leased assets: Emissions from

the operation of assets that are leased to other entities by the organization and not included in Scope 1 or 2 emissions.

12. Franchises: Emissions from the operation of franchises that are not directly owned by the organization but operate under the organization's brand or business model.

13. Investments: Emissions associated with the organization's investments, including those from its equity and debt investments, project finance, and other financial activities.

By categorizing emissions into scopes, organizations can better understand and manage their greenhouse gas footprint, identify reduction opportunities, and work towards more sustainable practices throughout their value chain.

B. APPROACH TO CARBON ACCOUNTING

In 2023, MCP was assisted by an external provider (<https://www.apiday.com>) for the estimation of the GHG emissions scope 3 of MCP and of the invested companies of the AIFs under management. Below are some introductory notes on the methodology adopted.

Introduction

The approach aligns with the GHG Protocol, the most globally recognized standard for carbon footprint, specifically employing a scoping questionnaire benchmarked across 39 industries to identify relevant emission categories for each sector.

The aim of MCP is to assist companies in effortlessly producing their carbon footprint reports. The process includes:

- a. Identification of material emission categories: using a scoping questionnaire based on the GHG Protocol, tailored to each industry, the most relevant emission categories to address are pinpointed, and data collection requirements are determined.
- b. Collection and aggregation of GHG data: following benchmarked practices, data consistent with identified emission categories are gathered and organized.
- c. Disclosure of GHG data: the adopted tool streamlines the process of creating and publishing carbon footprint reports, ensuring adherence to reporting standards.

Industry classification used

The industry classification adopted is based on the EU NACE Code and is inspired by B Corp's industry list, as outlined in the GHG Protocol revised, appendix D. This classification is widely

accepted and utilized.

Emission sources considered

Carbon accounting tool follows the GHG Protocol methodology. The GHG Protocol methodology involves identifying the sources of greenhouse gas emissions, calculating the quantity of emissions from each source, and reporting the emissions in a standardized format. The GHG Protocol provides guidance on how to account for different types of greenhouse gases, such as carbon dioxide, methane, and nitrous oxide, and how to convert these gases into a common unit of measurement, such as carbon dioxide equivalent (“CO₂e”).

Estimates and emission factors

GHG emissions (tCO₂e) = activity data * emission factors (EF)

The database that has been used for the analysis includes several renowned sources such as the World Resources Institute (WRI), the French ADEME Base Carbone, UK DEFRA, US EPA, or the World Input-Output Database (WIOD). Depending on the industry and the location of the company whose carbon footprint has been calculated, we used the most relevant emission factors from these sources.

Carbon accounting module

Two essential questionnaires are submitted to the portfolio companies: the Carbon Scoping Questionnaire and the Carbon Questionnaire. Through these, companies gain insights into their carbon emissions based on their industry, office setup, energy consumption, and procurement practices.

a. Carbon Scoping Questionnaire: Companies initiate the process by completing the Carbon Scoping Questionnaire. This questionnaire is dynamically generated based on the size and the industry of the company. It features questions designed to elucidate the scope of their carbon footprint calculations and identify relevant emission categories. Questions cover various aspects such as office types, energy sources, and significant procurement categories. By responding to these queries, companies provide crucial information for a comprehensive understanding of their carbon footprint.

b. Carbon Questionnaire: Following the completion of the Carbon Scoping Questionnaire, a tailored Carbon Questionnaire is generated based on the company's responses. This questionnaire focuses on collecting activity data necessary for precise carbon footprint calculations. Companies input data as activity metrics (such as electricity consumption in kWh) or spend-based metrics (like the amount spent on specific products). This step ensures a detailed and accurate representation of the company's environmental impact.

Once both questionnaires are completed, the carbon footprint calculations are performed: the output is the breakdown of the GHG emissions, by scope and category.

C. GOVERNANCE

The governance structure of MCP comprises several internal bodies, including the Board of Directors, the Executive Committee, the Advisory Committee, and the ESG Committee. Furthermore, to mitigate potential conflicting interests that may arise and impact the investment decision-making process, MCP has established a Limited Partners' Committee, one per each AIF under management, composed by the primary investors of the respective AIF. To ensure proper business development and formalization of procedures, an independent internal auditing firm oversees MCP's operations.

Board of Directors

The Board of Directors comprises 3 members and is the governing entity of the AIFM, with the ultimate decision-making authority and supervisory responsibility over the corporate functions.

Role within MCP Group	
Massimo Longoni	Chairperson
Matteo Sessi	Portfolio manager, CFO
Zhen Gao	Managing partner

Executive Committee

The Executive Committee, composed of the senior managers of MCP, supports the Board of Directors in accomplishing all its functions: it takes care of the corporate functions such as portfolio management and marketing, compliance and AML/CTF, risk management and valuation, and oversees the other functions that have been delegated (Internal audit, IT and Central administration) or outsourced.

Role within MCP Group	
Matteo Sessi	Portfolio manager, CFO
Mattia Vaccargiu	Risk & IT manager, Compliance Officer
Umberto Rosati	Valuation officer, Financial Controller

Advisory Committee

The Advisory Committee is an advisory body that reports directly to the Portfolio Manager. Its composition has been agreed upon by the investors of the AIF and includes five (5) managing partners and Mr. Forchielli as non-operating partner. The Committee reviews the investment (divestment) reports on the target investments (divestments) and drafts their conclusions in a recommendation note to the Portfolio Manager and the Board of Directors.

Limited Partners' Committee

The LPs Committee (one per each AIF under management) is composed of the representative persons of the limited partners whose commitment exceed a predefined commitment threshold. It has veto powers on certain pre-defined subjects, such as potential conflicting interests between the Asset Manager and the AIF/Investors, as well as non-permitted investments/divestments.

Role within MCP Group

Lorenzo Stanca	Managing partner
Alberto Camaggi	Managing partner
Andrea Tuccio	Managing partner
Inna Gehrt	Managing partner
Zhen Gao	Managing partner
Alberto Forchielli	Non-operating partner



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